

## **BOARD OF MAYOR AND ALDERMEN**

**August 3, 2004**

**7:30 PM**

Mayor Baines called the meeting to order.

The Clerk called the roll.

Present: Aldermen Roy, Gatsas, Guinta, Sysyn, Osborne, Porter, O'Neil,  
Lopez, Shea, DeVries, Garrity, Smith, Thibault and Forest

Presentation by representatives of Manchester's Latino community relative  
to the Latino Festival being held on August 21, 2004.

Mayor Baines stated for anyone who hasn't attended the Latino Festival it has become a  
great celebration with thousands of people coming from all over the region to attend.

Mr. Peter Escalera stated for the second year I am the Chairperson for the Latinos Unidos of  
New Hampshire Parade. This year the festival is on August 21 and the parade will start at 11  
AM from Orange and Elm Street in the parking lot there. It seems that each year it gets  
bigger and bigger with more participants. However, this year is no different. We will be  
traveling south on Elm Street down to Veteran's Park where at 11 AM the festival will  
begin. I take this opportunity to invite each and every one of you to participate and come  
down and I invite all of the citizens of your various wards to participate in the different types  
of foods, the entrees that are going to be displayed. About seven different countries are  
going to be represented with their different types of food. From Central to South American  
to the Caribbean. Also on stage will be folk music, salsa music and all types of music from  
Central and South America and the Caribbean. It is most colorful and most enjoyable and it  
is all family-oriented. It is what Manchester is about. The Latinos Unidos has been in  
existence for about five years. Throughout these five years our main focus is to allocate  
necessary funds so that scholarships can be presented to young men and women who are  
college bound. Our mission is to provide and share cultural awareness of the Manchester  
Latino community. Where we are a committee of hard working residents serving the  
Manchester area and our goal is to be a force to maintain the Latino culture, provide and  
share leadership opportunities to create a strong Latino culture. Also, proceeding the  
festival, which ends at 8 PM there is going to be a dance, a Latino dance with two orchestras,  
a DJ and food for \$20 and that is at the Sheraton Wayfarer in Bedford. It is going to be a  
very enjoyable and fun day for the Latino community and everyone else in the community.  
The parade is very colorful. There is a lot of work that went into it. It takes a year of  
planning for the different floats and the different sponsors. We have so many people, so  
many different companies here in Manchester to thank for their participation in sponsoring

the Latino Unidos. We have the Elliot Hospital. We have Comcast. We have Public Service. We have the Board of Mayor and Aldermen to be thankful for your support throughout the five years and your participation and support of the Latinos Unidos de NH. Our President is Jose Parra. The Vice President is Angel Ramirez. Our Secretary is Wanda Diaz and our Treasurer is Sonia Parra. So many other men and women are involved in the committees like Alberto and his wife Sally and so many others whose names I forgot and they have to forgive me. All of this could not be possible if it wasn't for Fleet Bank. For the past five years the Latinos Unidos have distributed over \$20,000 in scholarships to young men and women who are college bound. We owe a lot of thanks to the Fleet Bank and Intown. To thank them I would like to introduce Sonia Parra the Treasurer of the Latinos Unidos.

Mrs. Sonia Parra stated thank you for letting us be here tonight. I would like to thank Fleet Bank and in particular Kelly Gelinas who has been wonderful with our organization. They have given us a lot of support and we would also like to thank Intown Manchester who has been our fiscal agent throughout the five years. There are many other sponsors like Public Service of NH and State Farm who have been with us since the beginning. I would like to invite all of you to come and share with us our culture, our food and especially our dancing. Tonight we have a little treat for you of what we are going to have there. So, bear with us for a few minutes and we will have a demonstration of what we are going to have there.

Mr. Escalera stated at this time I would like to introduce our Latin King here of Manchester and I know the Mayor knows him. The Latin King Miah of the Royal Palace.

Mr. Miah Trost stated I would like to thank the Latinos Unidos, Mayor Baines, and the Aldermen and Alderwomen for allowing us to come here and promote Latin dancing and Latin culture in the Manchester community. I am a native of Manchester. I wasn't born here but I was raised here. Earlier while the Mayor was throwing out his former addresses and some of the other speakers I used to live at 29A Elm Street. Now I am proud to say that I run a business on Elm Street. It is at 657 Elm Street, the Royal Palace Dance Studio specializing in Latin dancing. We are going to do a quick dance demonstration here. I am going to regulate the decibel thing here. What we are going to demonstrate right now is salsa. Please put your hands together for two very talented dance pros, Mr. Marcus Arieta and Ms. Kendra Lane.

Mr. Trost stated as a result of dancing our students have found many benefits that extend into our community. Some of the benefits go along with the social aspect of dancing, proper etiquette. I would love to see more classier nightclubs and dance venues here in Manchester. Some real classy entertainment here and Latin dancing is one of the vehicles to get us there. So not only the social aspect but also the psychological aspect and physical aspect of dancing our students have brought to our attention and as a result our students at the Royal Palace Dance Studio, as well as our instructors and myself are actually following a venture with the

assistance of the Optimist's Club to create a non-profit organization that will promote Latin dancing as well as cultural arts here in Manchester so we can give back to the community to encourage children, teens and adults to pursue Latin dancing as a hobby or even a career. Stay tuned with that. We will have more information as the organization is formed. We wanted to plant the seed here because if anybody is interested they can see us after today's demonstration and we will be glad to provide more information. With that one quick demonstration. This is a little cha, cha, cha for you and once again Marcus and Kendra. Please put your hands together for these two talented dance pros.

Mr. Escalera stated thank you and once again I would like to thank each and every one of you, especially Alderman Lopez who has continually supported this organization for the past five years. Thank you so much Mike. With that, I will take this opportunity to introduce our last group, which is a group from Uruguay. They will be performing a colorful, spiritual type of dancing of the African contribution to their culture. We certainly hope that you enjoy this type of folk music.

Mayor Baines stated let's give them another round of applause for a great job. Again, the Latino Festival is on August 21, 2004 at Veteran's Park and we look forward to seeing all of you there. We do have a guest that I have asked to come to this meeting. As you know there has been some confusion relative to the revaluation cycle and a couple of pieces of correspondence have gone back and forth so I have asked Commissioner Blatsos to come to the meeting to address the Board to offer some clarification and also to make himself available for any questions that Board members may have. Commissioner if you could come forward I would appreciate it very much. I appreciate your time to be with us this evening.

Commissioner G. Philip Blatsos stated I am the Commissioner of Revenue and I fear that any of the confusion may have been created by me so I am here to straighten out any confusion I have created. I apologize if I have. I think we have been pretty direct in our communications in writing but I think sometimes when we try to communicate in other methods it doesn't work so well. So I am here to answer any questions. I will just open it up by saying that the letter that we sent to you I fully concur and agree that it probably would have been best to have your property values up to 100% for 2004, this is the year of your review and it probably would have been the best course of action to actually have been at 100% at that time. In the absence of that, a plan to have them done in 2005 is probably the next best thing. I don't see any problem at all with the plan of 2005. If you are going to go out beyond that we are starting to approach the limits and there is probably some reason at that point in time if you are going to 2006 or anything like that to have the Board of Tax and Land Appeal be advised of that situation because we are right on the limit of what we can allow and remember that the court is looking to us for effective enforcement of the property tax laws of the state.

Alderman Porter stated there has been a lot of discussion as you may be well aware and I think the Mayor will be happy to know that as far as I am concerned there has been enough discussion from my perspective. I believe if the DRA were able to see its way clear to accept a 2006 revaluation for the reasons...I retired in August 2002 from the Board of Assessors. It was close to a year before Mr. Hamilton was appointed. In addition to that and I don't mean to embarrass Steve Tellier but he was quite ill and I think a lot of the ground work that probably could have been done or would have been done had it been a full Board of Assessors would have enabled some work to have begun possibly for 2004 on properties that are egregiously out of whack and have a good head start on 2005. Manchester is a large City as you know. The diversity of real estate – Manchester has it all. The only things we don't have I guess are timeshares and docks and so forth although there are a few. Given the importance of a revaluation for the taxpayers but also in keeping with the intent of the guidelines of the DRA my thought hasn't changed that a better quality product could come out of a 2006 revaluation. We are only six or seven or eight months away from April 1, 2005. Given the magnitude of a job like that I am very much convinced that 2006 would give a much higher quality product. I guess that is about all I have to say at this point. I just want you to understand that at no time was the intent ever to defy BTLA, the DRA or the statutes and recommended guidelines. We certainly want to be in keeping with them but I think there have been a number of extenuating circumstances that have prevented Manchester from being able to do a lot of the groundwork that could have and probably would have been done had we not faced a retirement with no replacement for a year and Mr. Tellier's illness. I would just like to let you know that if there was any way we could do it for 2006 I certainly feel we would have a better product.

Commission Blatsos replied like I said earlier 2004 would have been ideal. I understand the extenuating circumstances. 2005 would be better. If the Board sees fit to go to 2006 I think we would have to go to the BTLA, not to order something more...I would go in basically saying if Manchester feels that 2006 is necessary but I think we need to have the enforcement arm in place because a lot of the 2006 ones could suddenly become 2007 and 2007 would be unacceptable. It would just put us out there where it is basically people thinking that we are not enforcing the property tax system as it should be enforced. I think 2005 is okay. With 2006 we would go and ask the Board of Tax and Land Appeal just to oversee it and be available. Now the minute we do that the possibility exists that they will substitute their judgement for ours. That possibility exists whenever you go outside. You know if we go beyond 2005 the possibility exists that they could substitute their judgement for ours. I am not going to sit here and say it couldn't happen. It can happen and it might happen but we would need that in place because in other instances...as a matter of fact in two instances last year the Board had to act to prevent people from delaying revaluations that were virtually complete from being put into place.

Alderman Porter responded I can appreciate that and certainly we don't want to set a precedent but I do think the extenuating circumstances and the size of the City...I was

Chairman of the Board of Assessors when in 1991 the BTLA did order a revaluation, however, they did order it in 1989. They gave the City two years to accomplish it. I guess what I am looking at is if it did go to the BTLA and they did substitute their judgement or even agreed yes it should be done I think that the understanding and I think statutes are enforced with compassion and understanding in this case of the taxpayers who are paying the freight and to try to be consistent and to hope to accommodate and be cooperative but I do think in this instance I would find it hard to believe the BTLA would be so harsh with the City to order it for 2005 and not give us the 2006 date. I can't speak for them obviously but...

Commissioner Blatsos interjected I wasn't trying to speak for them either. I was just presenting to you the fact that it could possibly. Not that it will happen and not that I have any inside information or knowledge but just that there is a possibility that it could happen.

Mayor Baines stated and the laws have changed since 1989 as well. That is the biggest difference. The other thing we have...our Assessors are saying they are perfectly capable of accomplishing it within the next year as well so that is a little bit different.

Alderman Osborne asked is there a deadline right now that the City has to conform to to have something in place.

Commissioner Blatsos answered five years. 2006 would be the absolute deadline that I can see out there. I mean that is an absolute deadline based upon one set of facts. The courts have said five years. It is in the Supreme Court. It is in the Constitution and it is also in the law. So five years is the outside edge of it. What we are getting to is can you slip to six. Absolutely not. What they are looking at from us is are we in fact enforcing these laws. If you look at the Sirrell case what they are saying to the Department of Revenue in this particular instance that we are talking about now is we should be making sure that people are meeting those five years and those other deadlines and also that they are proportional within the town. Those are other issues that will be looked at. I am not sure how they weigh in in this case. I don't have all of the facts and circumstances right here and now.

Alderman Osborne stated so all we have to think about right now is whether we want to go with 2005 or 2006 which would be a money factor probably of \$1.7 million more for the taxpayer in 2006 compared to 2005.

Alderman O'Neil stated I need a couple of items clarified. When you are talking years you are talking calendar years and not fiscal years.

Commissioner Blatsos responded right. When we start translating and I do this a lot in my mind to when I talk so I have to be very careful but when we are talking about the property tax years they are basically April 1. So we are talking April 1 of 2006. Now it is not

absolutely completed on April 1. Just like when we are talking about April 6, 2005 the actual revaluation would be completed sometime later in that year I am sure. All property taxes are based upon the property as it is on April 1 of that year. Now when we start talking about fiscal years that is where it can get confusing real quick and it does in my mind because I often think in terms of state fiscal years, even when I think in terms of the City. When we are talking about 2005 most of the money that you are going to be talking about that is collected on that is actually collected in 2006 when the tax rate is set around November. So the bulk of it is actually going to be collected in December of January. So we are actually talking about collecting it in 2006. Closer to 2006 then 2005 and definitely in the state 2006 fiscal year. I don't want to confuse you with that. Let's just stick with the property tax dates and we are talking April 2004 this year, which is the year of the review and we already know that you are not going to meet that 90% to 110%. Not that that is a guillotine of any kind but that is something we were shooting for. April 2005, which is the April coming up and then we are talking about the potential for April 2006, which I said would come out there and we would like to have the Board of Tax and Land Appeal to just help and oversee it and make sure that we have an enforcement arm in place because that is our only enforcement arm. We can't order anything.

Alderman O'Neil stated a month or so ago we had a discussion about and this was new to me, statistical revaluations versus scratch revaluations. Does the DRA have an opinion or recommendation on that?

Commissioner Blatsos responded no opinion and no recommendation; however, I will tell you that the court has endorsed them. The court has said that there are other forms other than a complete revaluation. I have the Sirrell case right here.

Alderman O'Neil asked when you are saying a complete revaluation you are talking a scratch revaluation.

Commissioner Blatsos answered what you are talking about is a scratch reevaluation and they basically in the Sirrell case and I don't know if I can find it in the next 60 days but it says, "the plaintiffs in the trial court interpreted Part II, Article VI" that is the part requiring the revaluation, "to require a full physical inspection of all property in the state every five years we disagree." So the court said no it didn't have to be the scratch.

Alderman Lopez stated I have one question. In all of the correspondence that I have read from Guy Pettell and yourself you talk about a plan. Sort of along the lines of Alderman Porter's questions if the City of Manchester were to give you a plan because we are looking at funding this...we have a two year funding on our CIP project for \$250,000 and if that plan was there with the RFP in place and everything was going to be spelled out where we could do this by April 1, 2006 and the DRA Commissioner...only the Commissioner will make the decision whether it goes to the Board of Tax and Land Appeals, if you had in your hand a

plan, a comprehensive plan or guidelines that were going to spell this out on how we were going to do this and accomplish what you want to accomplish I know that maybe not tonight but it seems like Guy Pettell talks about a plan. Right now we don't have a plan and I can understand from going to a meeting that there is an inspection that takes place first. That inspection has not been done with Manchester. Is that correct?

Commissioner Blatsos responded it is just in the beginning stages.

Alderman Lopez asked how long does an inspection take before you demand a plan and make a decision.

Commissioner Blatsos answered in this particular case where we already know that there is an issue here with the 60% as of last year. You are at the 65.1% ratio right now and you should be between 90% and 100% so we already know we have an issue here. We would like the plan sooner rather than later because as I noted Manchester is large and it is going to take some time to implement this plan. A number of times last year when it was proved necessary we have gone to the Board of Tax and Land Appeal. I am not giving you an exact timeframe for this because we need to look at everything because you still need time to make your decision and all of that. There is a number and I am just counting down a page here and this is just over the last few years how many cases we have withdrawn when everything was put in place that made us satisfied. Once again, we withdrew the case from the BTLA once we realized that everything was in place. We needed something in place because remember it does take some time to go through that process and if there is nothing in place and we get to 2006 what means it is not going to flop over to 2007? That is the real danger here and that is what puts us out beyond the five years and that is what I think puts the whole property tax system in jeopardy if we are not enforcing the law. The only enforcement we have is through the Board of Tax and Land Appeal. I know we keep throwing out the acronym but the Board of Tax and Land Appeal is the only enforcement arm given to us and that is why we need to work through them if you are out in 2006. Not if you are in 2005 because that affords us that timeframe to go to the Board if it was not completed. Either way we are looking at not going out to 2007 and having that in place.

Alderman Lopez asked how long is it going to take you to inspect Manchester. I know you said you know but an actual physical inspection has not been done in Manchester. I know this from attending a meeting with the DRA.

Commissioner Blatsos stated Guy Pettell can answer that best for you.

Mr. Guy Pettell stated the review process takes approximately a year. We come in and we look at a lot of the administrative parts of the assessing. We do some data quality control but the final piece is the equalization piece, which will not come out until probably March of next year. That will be the final piece of the review process.

Alderman Lopez asked would it be fair to say, Commissioner, that if the City of Manchester had a plan to present to you within three months as you are working on this and they had a good plan with reasons as to why we should not do the revaluation that you would look at it as a favorable plan.

Commissioner Blatsos answered if the plan is money in place and a signed contract. Really that is a plan.

Alderman Lopez replied correct and if we could produce that signed contract with the money in place with the direction that we want to go in would that be looked on favorably.

Mr. Pettell responded not an RFP. We are talking about a signed contract to do some form of a revaluation, which is a statistical update and you can pick the year or a full revaluation and as the Commissioner has stated not beyond 2006.

Alderman Shea stated my questioning is similar to his questioning. We have laid aside about \$500,000 and there is some discussion about a \$250,000 bond. If, for instance, that money then were used for an RFP and the RFP then came back is that what you are really saying would be fulfilling the obligation in terms of what Alderman Lopez was saying – in terms of getting a plan underway so that there would be bids made on the RFP's and then the City could then decide whether it wanted to use one company or another company? This is where it becomes sort of like entangling.

Commissioner Blatsos responded I am not sure I fully understand the question but let me just briefly characterize what I think we are talking about. What we are hoping for is that you do 2005. If you are going to do 2006 and you are going to put a plan in place then what we are going to do is probably go to the Board of Tax and Land Appeals and then go there and say we concur with the plan if it is 2006. We are not going to ask them to speed it up to 2005. We are going to concur with your plan if we feel it is a sound one and then just have them available to monitor it because they are the ones that can actually put the force on Manchester to say that it must be completed for 2000. So it doesn't mean I am not going to go to the Board. What I am saying to you is if that is your plan to go to 2006 and it appears to be sound we will still look at the Board at a 2006 plan but we are not going to ask for something different. I don't see us going out there and trying to counter what the Board of Mayor and Aldermen in Manchester want to do provided that it fits within the general guidelines and I think that does. It is very important that we work together in this process as much as possible. What we have to be guard on are those two cases that I told you from last year and maybe other times when somebody doesn't like the results or they get to the last minute and they don't want to implement it, that is what we are trying to guard against that you are going to push it out to 2007 for whatever reason. We don't think that would be acceptable. We don't think that would meet the guidelines and we don't think that anybody



would buy that we are providing effective enforcement. That is the key in this whole thing from our perspective.

Alderman Shea asked if, for instance, our Assessors go up to Concord and they present a plan does your department or does the other department say to them look here is what you have outlined in your plan, here are some things that are essential that you have not included. Do you work with them in order to make sure that there is no misunderstanding in terms of what they are saying and what you people are demanding?

Commissioner Blatsos replied we are not going to demand much. I am going to let Guy pick up on that question because we don't really demand other than you put the plan in place and the plan covers the revaluation. Guy is actually the one who looks at those. We no longer approve contracts. We only approve contracts for Board ordered revaluations so the regular ones we don't approve. You are actually the one that is going to go out and do it. We have a set of guidelines out there on what you should expect in a contract but I think your Assessor's Office is probably fully capable of coming up with every single need for the City of Manchester.

Alderman DeVries stated I would like to take you back to the Sirrell decision because that does say that every five years the properties in the State of New Hampshire will be revalued and that is now constitutional and statutory law that we need to follow. Correct?

Commissioner Blatsos responded it is always in the law. It was in the Constitution. It was also in the law. Now they have said you need to follow it.

Alderman DeVries replied correct. So our last revaluation was done in 2001.

Commissioner Blatsos responded that is correct.

Alderman DeVries asked so 2006 should fall within the framework of that decision. Now that doesn't mean to implement the results of a revaluation. That means the date that we capture the properties. The new value on the properties has to be 2006 or the outside edge has to be 2006.

Commissioner Blatsos stated and that would be your November 2006 bill.

Alderman DeVries stated what I really want to go back to because what I think Alderman Porter is saying is so very true that for us to get a revaluation result, new values on properties that can be accepted by this Board and implemented quickly so that we do not end up putting off until 2007 because of the hysteria over a poorly down revaluation. It takes time. It cannot be rushed. It needs to be done properly or we are going to be in violation with the BTLA. I concur wholeheartedly that this is not something we should rush the process on.

We should take our time and get the right company and we should make sure that in 2006 those values that are captured are the values that this Board or the Board in place at that time will adopt. Thank you.

Alderman Thibault stated in line with what Alderman Lopez and Alderman Shea were just talking about, they were talking about this plan. What happens if the Assessors put together a plan and the BTLA doesn't like that plan? What position does that put the City in then? If, in fact, they present a plan and you find something wrong with the plan and you feel it should be implemented faster, what position does that put the City in at that point?

Mr. Pettell responded I am speculating based on history here but the order from the BTLA will read that it has to comply with state laws, rules and regulations and the 600 rules. That is basically what it will say. The contract will come out and if it is an ordered revaluation we will have to approve that contract. We will go through it line by line...I do them every day, and look at those to make sure that it does meet all of those standards. Then there will be monitors. Your own Assessors Office and State Personnel will be looking at that through the whole duration of the revaluation and watching each step of it to make sure that it does comply. I would say that unless the final product, meaning the final values and I concur totally with the Alderman over here saying that you want quality. They will come back and have a final hearing and they will say that if it doesn't meet the specs, meaning the coefficient of dispersion or the ratios don't come within the guidelines, they will order it redone.

Alderman Thibault asked but at that point where does that put the City. That will make it a little longer before we get our plan together. That is what I am worried about.

Mr. Pettell answered it is in the BTLA hands at that time and they will say don't implement it. The contract should be bonded and you would probably go back on the bond. I am speaking for the City now but there are decisions to make within the City here to go back on the bond and collect.

Commissioner Blatsos stated I would like to add that that is an extraordinarily rare circumstance that you are talking about. You have probably some of the finest Assessors in the state in the City of Manchester and on top of that you are going to have a monitor from the Department of Revenue who essentially is working for you through that process because they actually are reporting to the Assessor in Manchester and to the Mayor what is going on and how we view it. These are pretty well monitored and taken care of going down and I think with your assessing staff they are much more than average taken care of so I think it is a very slight probability that that would happen.

Alderman Gatsas stated thank you Commissioner for coming in and shedding different lights upon the conversations that we have had. If the City did nothing and let's all understand

because in April 2006 the City really has until March of 2007 to comply with the five-year window.

Commissioner Blatsos replied I am not sure that is true. We are looking at the dates and you want to go to the actual date just prior to the April 1 date that it had to be implemented. I am not sure that is the case because I think that five years would end probably with that tax bill in November. I don't think there is a real clarification on that but right now you are there splitting the deal. I am not sure.

Alderman Gatsas asked if there is nothing done by the City in April 2006 that is when the BTLA is going to come in probably in November 2006 and say you are against the Constitution. You have a problem. We are going to order a revaluation.

Commissioner Blatsos answered no I think it will happen long before then because number one you are going to go through a review this year. Probably prior to that we would bring it to the Board's attention that there is no effort to correct it. Then I think the Board would probably act much sooner than that and order it.

Alderman Gatsas asked you are in the review process now.

Commissioner answered yes we started the review process.

Alderman Gatsas asked you said that takes about a year.

Commissioner Blatsos answered we said that should be finished probably in early spring.

Alderman Gatsas stated so that takes us until 2005.

Commissioner Blatsos responded but we will know long before then that there is no plan in place and Manchester takes awhile to accomplish it. I am not sure we are going to wait until the very last second to go to the Board of Tax and Land Appeals.

Alderman Gatsas stated but even if you do there is nothing that the Board can do because we still have that window of opportunity.

Commissioner Blatsos responded the Board can order it at any point in time based upon a whole lot of other factors other than just that five years. You also have disproportionality and other factors that they can bring in to play. You won't be able to control that debate and neither will I. It is the BTLA that will control that.

Alderman Gatsas stated well I think those are the things that you have to bring up to this Board because the Board is under the understanding that the only way we are non-compliant is based on timeframes.

Commissioner Blatsos responded no it is not just timeframes. Alderman Gatsas you have hit a point here that we have not been discussing.

Alderman Gatsas asked could you explain that to everybody so that everybody understands clearly what the other issues are for non-compliance other than just timeframe.

Commissioner Blatsos answered timeframe is the one that stands right in front of us now because we absolutely know that is the case. Disproportionality is a whole other one and if we see between the stratas or other cases where Manchester is disproportionate they can order a revaluation based upon that and they have in the past. I will let Guy just articulate a little on that because he knows a little more about that one than I do.

Mr. Pettell stated if we look at last year's equalization survey, you have one strata along that sticks out with a coefficient of dispersion of 60%.

Alderman Gatsas responded talk English to us.

Mayor Baines stated you have to explain. People are listening at home and you just lost them.

Mr. Pettell stated you have a section of the town, which is residential land, that has a figure attached to it that we refer to as a coefficient of dispersion of 60%. Anything above 15% is bad. Anything above 20% is unacceptable. You are at 60%. It is one of the highest COD's (coefficient of dispersion) that I have ever seen within the residential land of this City. I think with that alone and last year it was 77+%.

Alderman Gatsas stated let me ask the simple question because he is giving us instances where people aren't understanding it. If you own a piece of land...I own a piece of land that is 16 acres. If the assessment on it is \$3 million and you are talking at 60% what does that mean?

Mr. Pettell responded the coefficient of dispersion of 60 means that you have variations of 60% above and below showing a total of 120% variation in assessments of equal property within the City. Some people are paying 60% too much and some people are paying 60% less than they should be.

Alderman Gatsas stated so to follow-up on that we really can't go by the revaluation that we have as a City on a piece of land because of the discrepancy.

Mr. Pettell replied our analysis says that these are all over the place in the City of Manchester.

Alderman Gatsas asked so if this Board came to a conclusion and said that we were going to sign a contract in November 2004 going forward with a plan then those deficiencies would be corrected and we wouldn't be in violation so it is not about dates it is about other disparities that we have within the City that concern you.

Mr. Pettell answered I would say it is a number of different things.

Alderman Gatsas asked give us a couple of more.

Mr. Pettell answered dates and these figures.

Alderman Gatsas asked any other figures beside the land disparity.

Mr. Pettell answered I would say that at the end of the review if there are any other problems those will come out at the end of this year.

Alderman Gatsas asked is there anything else that stands out in some of the deficiencies you have seen.

Mr. Pettell answered none that I can think of right now.

Alderman Roy stated Senator Gatsas was looking for deficiencies. Currently you mentioned that we are at a 65% equalization rate. Could you explain the fairness to that through the constituents of Manchester?

Mr. Pettell replied the law actually says that it should be between 90% and 110%. This actually says that average assessment within the City of Manchester is at 65% of the fair market value.

Alderman Roy asked to follow-up on that end looking at that...so from a fairness standpoint that 65% takes in all parcels throughout the entire City.

Mr. Pettell answered that is the average of all of the sales in comparison to the assessment. If you went down through the different strata, meaning the different types of properties whether they are commercial or residential or land only there are other variations here on the sheet. You have some strata at 75%. You have some at 53%. These are variations meaning some types of property are paying too much and some types of property are not paying their fair share at this time.

Alderman Roy asked and the earlier that is corrected would be the absolute advice from the two of you.

Mr. Pettell answered yes.

Alderman Roy asked and it would be the fairest and quickest way to equalize the City of Manchester's tax base.

Mr. Pettell answered that is correct. Everyone will be on a level playing field.

Alderman Roy asked how would that level playing field fair within the state as far as our tax.

Mr. Pettell answered I believe that the City of Manchester is approximately 6% of the total tax base of the state so there are inequities here. How they affect the overall state I couldn't tell you but certainly if you brought it back to 100% it probably would be better for the entire state.

Alderman Roy asked and would you also concur that any strata as you put it earlier that is in the higher – the 73% to 80% range of equalization is paying an unfair tax against the properties that are paying against the 55% equalization.

Mr. Pettell answered in comparison to the overall 65% they are paying more than their fair share based on these figures but this applies to a strata, not to an individual piece of property so you have to be careful with that. What happens is people might think that their individual piece of property is out of whack. It applies to a group of pieces of property. As a group they were out compared to another group. I just want to clarify for the people at home who are watching that it doesn't mean when they did the revaluation in 2001 that it wasn't done correctly. It is that different types of property increase in value faster than others so it throws them out.

Alderman Porter stated I think we can all understand that immediately after a revaluation or the year after you are going to find stratification where various categories of property are at an unacceptable level of either assessment or COD because this is a nature and a function of the market. I think it does happen. As the market changes, it can change in any one category or property almost overnight.

Commissioner Blatsos responded but probably not that much.

Mr. Pettell stated we had 58 towns that we reviewed. Any of the towns that did a revaluation or a statistical update, every one of them passed the numbers that particular year. Then they do start going out. That is why we have the five-year window because the longer you wait

the farther out they typically go. The year of the revaluation or statistical update, every one of those communities passed.

Mayor Baines stated thank you for your presentation.

Mayor Baines called a five-minute recess.

Mayor Baines called the meeting back to order.

Presentation regarding potential acquisition of Jac Pac site.

Mayor Baines stated I am going to make a few introductory remarks and then we do have a presentation that we would like to bring before you this evening. I just want to make these comments. First of all the deal that we are talking about here has been characterized in some places in the local media as land speculation. What we are trying to do here is sound, economical development – forward thinking economic development for the City. Bill Craig who has been around some of these projects for many years will outline at the end of this presentation some of the projects that he has been involved in and witnessed the City being involved in as we have looked to the future. I think Mayor Mongan outlined some of the projects in terms of the City acquiring land on Brown Avenue. Think about what the City would be like if we didn't have a Board of Mayor and Aldermen and a Mayor at that time say there is some land here and we need to grab hold of it. It is in a great location that can create jobs and economic advancement for the City to help expand the tax base. We can also look at the Bridge and Elm situation and I have heard some comments about that. If the City had not controlled that property right now probably sitting on it would be a gas station. We were very patient with that project. We wanted to control our own destiny. As you know we faced the loss of over 500 jobs with the Jac Pac closing and we have worked very hard behind-the-scenes – a lot of people and I will talk about some of the people who helped us with that and with the present situation as we go forward. We tried to keep those jobs, as many of them as possible, and we failed with that. As soon as we failed with that we started working with Tyson on how can we take this very bad situation and make something positive out of it by taking advantage of the economic development that is occurring in the City – the interest in development in the City, which has not subsided one bit. There are people who are still very interested in investing in Manchester. So we have an opportunity to control our own destiny here and if we allow that to be outside of our control we may have developments that may not be compatible with our vision for the City. In part of this proposal we are talking about developing a master plan for the downtown sector. If we do that and we do it right and we plan accordingly people are going to look back at this time when we seized an opportunity. When we took a very negative and profound situation that happened in our community and worked with all of the entities involved, acquired a parcel of

land on the river with access to Queen City Avenue in which we have the ability to put other parcels of property together to create an opportunity for economic development. If you remember Jay Taylor making many comments that Manchester was in some jeopardy in terms of our tax base going forward unless we were able to engage in redevelopment activities. We have done a lot of that in the Elm Street sector but now we have a chance to secure a parcel of land that will allow the City to entice businesses, create jobs and create opportunities for our citizens. You may not be aware that over 50% of the people with jobs work outside of Manchester. That is a very high statistic that Bob MacKenzie made us aware of today and we have to work very hard, not only on this parcel of land but with the acreage that we have up on Hackett Hill to create opportunities for good jobs for the citizens of our City. That is what this is about – not land speculation but sound economic development and forward thinking as some of our predecessors did many, many years ago to preserve land for economic development. As Mayor Dupuis said...he gave you some examples in various roles that he has been in where there are parcels of land right now that are not getting the use they should have because the organization did not have that forward thinking ability. We have the ability to make this happen. We have worked very, very hard with many people to come to the place we are today. I have to admit to you that we didn't intend for it to come out the way it came out because we were planning individual sessions to make sure that we had everybody on board before we came out publicly with this but things happened with the media and they were very aggressive. When that happened we tried to regroup and make the best of it and at this time I would like to turn it over to our Planning Director, Bob MacKenzie, who will lead off the presentation and we would ask you to hold your questions until we finish the presentation.

Mr. Robert MacKenzie, Planning Director, stated good evening Board members. The Mayor has asked me to be the lead off batter tonight. I am going to provide a description of the property, a description of the area and just give you some ideas based upon our quick look as to what could go on this property and how it relates to some of the other pieces that are going on. Kevin Clougherty and Bill Craig representing MHRA will get into more detail on the particular aspects of the deal and Seth Wall has been working from the Mayor's Office on the project and he will be able to answer any questions. First of all given that I know the evening is going to run late we have decided to cut out our dance show so that may save another 15 minutes. I am going to quickly run through some of the aspects of the project. I am going to get to a couple of maps and show you more specifics. This is a 17-acre parcel, approximately 17 acres. There are a number of different lots involved and when you tabulate those together it is roughly 17 acres. There is about 150,000 square feet of floor area of buildings on these properties and that is normal, usable building area. In addition to that there is another 30,000 square feet of cold storage lockers and other out buildings. So in total on these parcels there is roughly 180,000 square feet. Some of that is very obsolete space and others may be usable. That still has to be determined. The zoning for this area is RDV or redevelopment zone. Redevelopment zone is a fairly wide latitude in terms of uses. Certain industrial uses like office and commercial and also housing. The Board fairly



recently amended the zoning ordinance to allow different types of housing from townhouses to duplexes to multi-family. Multi-family can be at a relatively high density because it is the same density as the R-3, Urban Multi-Family Zone. Environmental conditions...I know that has come up a number of times. At the present time we are not aware of any environmental issues on the magnitude of what we found at Riverfront Park. Secondly, Tyson has indicated as part of this package that they recognize their responsibilities for handling any environmental issues. In recognition that this can be a key factor in any land deal, Bill Craig has been working with MHRA and is looking to do at least a Phase I environmental site assessment and perhaps a Phase II environmental site assessment to make sure that we know all of the factors going into this property. I am going to quickly run through the different parcels. You can see here Queen City Avenue across to Elm Street. You can also see the Merrimack River. There are actually three parcels here on the Merrimack River. You see a little white space there that is not part of Jac Pac. That is actually an old paper portion of Hancock Street. It is just vacant land. The railroad tracks bisect this property. These lots really do not have any public street frontage. Their access is through private access rights out across railroad tracks and out across Hesser or Sundial Center property out on to Queen City Avenue. The basic buildable portions are outlined here. Some of the areas extend up...for example there is a brick building here up into the neighborhood. There are several access points into the site. The primary one being off Queen City Avenue where there are signals. As you can see there are at least two streets that are primarily residential that do provide access to the larger property. We have also highlighted the MTA parcel. That is roughly an 8-acre parcel that given the discussion may play into some future redevelopment activities and as such if we are going to look at how this property could be used it is fair to at least look at how the MTA parcel could be used as well. As you know, Gas Street does continue from this parcel all the way up and has its own intersection with Elm Street. In tying these two parcels together there is a potential for a different access point. Also to give you a relative idea of how these parcels fit in with the new Riverfront development you can see shaded here is the proposed new Hilton hotel. Here is the baseball stadium. These are the two mid-rise buildings of the Chinburg residential project. These are the townhouse buildings, which is the further most southerly building of the Chinburg project. On the next slide I wanted to show this property in relation to some of the other events going on. Here just across the river is the Queen City interchange. Up Second Street we have the new Granite Street interchange that is to be developed along with improvements to Granite Street. You can see its relationship to the Verizon Wireless Arena, the stadium and the beginning of the South Willow Street commercial area. This is Hesser College and part of the Sundial Center. This is part of a larger block that I call the South downtown Manchester area and given the highway infrastructure it all tends to focus on this portion of Manchester. As I mentioned before, the site is adjacent to the baseball stadium area right along the railroad tracks. The site has three, as I showed, public ways into the area and the access to both the Queen City Avenue interchange is very close and not too far away from the Granite Street interchange with I-293. The site...I do want to correct that. I hadn't seen that before but there is not necessarily a locked in right-of-way - the old paper street of Hancock Street that

crosses this property over the railroad bed but to what extent that might be a viable future connection we would have to explore with the railroad. They are very touchy about any future crossings across the railroad tracks. The site...as you probably know they built a new locker system on the west side of the railroad tracks a couple of years ago on the banks of the river and they actually have an overhead connection so that is part of an integrated into the facility and they did acquire air rights over the railroad track. There has been some discussion, I know, about the issues of what if this is developed in a residential way because the zoning does allow it. It could allow for a fairly significant number of units and even though the zoning ordinance says it might allow up to 475 units I suspect the reality of development would allow quite a bit less – probably on the order of 400 units or less. Obviously Bakersville School is one of our smallest schools. It has very small classrooms. I do not know the extent to which you could put an addition on Bakersville because it doesn't really have the core facilities to make any significant expansion work so residential development we feel would be difficult on this particular site. Site control enhances our opportunity to bring commuter rail service to Manchester. Again, I believe that long-term we are competing with cities like Providence, RI, Worcester, MA and Portland, ME. They all now have commuter rail service to either Boston or New York City and long-term we have to look at bringing rail service back to Manchester and connecting that to our bus system both inner City and intra City bus systems and our trail systems. As we have looked at opportunities to build that, the first opportunity we had looked at was now the site of the baseball stadium. So somehow in this general area we have to factor in planning for that. Again, as we mentioned there is a possibility of looking at the MTA site. Together it is about a 24-acre parcel, which is certainly probably the largest available site for redevelopment in the central part of the City now. The Merrimack River certainly does add certain appeal for different types of uses. Certainly offices would find the river an appealing and aesthetic amenity. I did want to mention that the assessed value of this property is \$7.3 million. There are a number of parcels. The Assessors did review it. Clearly the proposed package of \$3 million is significantly below the assessed value and as I mentioned before the environmental issues currently identified will be remediated by Tyson. They have provided in their letter their commitment to do that. Next I wanted to, because a lot of people say well what could you even do with this property...this is an old manufacturing property, formerly a slaughterhouse. The model that most quickly comes to my mind is the area in Concord near Horseshoe Pond. I am not sure if you are familiar with this site. This is right near the new Grappone Conference Center and Hotel. It is also 17 acres. They put together a tax increment finance district, a TIF, and through the assistance of the city redeveloped this site of 17 acres. Four buildings are completed. This is one of them. There is a fifth building under construction now. The total appraised value and this is excluding the Grappone Center and Hotel...the five office buildings are assessed for \$20 million. There is no employment data but given the size of these buildings, which is roughly 200,000 square feet in total, we are looking at that particular site as having employment of roughly 400 employees. So this is the type of model that I believe might be suitable to look at for the Jac Pac site. It is also near a highway exit. It was a redevelopment project by the city of Concord that has worked

out extremely well. Delta Dental is there and many of the units have been sold or leased. The Jac Pac site might be slightly smaller in size given it has a little bit more topography than this site and given some of the issues with the parcels along the river but this gives you a ballpark idea of what you could potentially see the Jac Pac site being in terms of assessed value, what the buildings might look like and what types of jobs you might get there. I did also want to mention that the parcels along the river are actually very difficult to develop, particularly under the current environmental regulations but to some extent I see that as an advantage. We do not have a true riverfront park in Manchester and if it wasn't suitable for development I think that would be an ideal location to have a true riverfront park. I happen to see this particular photo because it is a riverfront park and also has a bridge system somewhat like the Queen City bridge so you could potentially see this on a portion of the property along the Merrimack River. Also, I talked about the multi-modal center. I just gave you a couple of ideas as to what it could look like. This is the multi-modal center in Providence, RI. This is a combination of commuter rail service, inter city and intra city bus service and the rail in this particular case actually goes underneath the terminal building. This facility would likely be on the East Side of the tracks and there is also the potential to connect over to the stadium via a pedestrian bridge. This is actually a pedestrian bridge at the rail station. That concludes my preliminary remarks. I am going to turn it over now to Bill Craig for the next part.

Atty. William Craig stated I got involved in the negotiation process because I happened to show up at the wrong time at the wrong meeting I guess. I was asked by Kevin Clougherty and others to see if I could work with these people to work out a price that was reasonable enough for the City to accept. At first, they wouldn't even talk to me. They wouldn't accept my calls. I fought and fought for awhile and said how am I going to get this huge company that is listed on the New York Stock Exchange...their headquarters are down South and obviously they don't care a fig about Manchester so how do I get their attention. Based on my knowledge of how some of these companies work, I know they all have interest in what is going on in Washington, particularly in the Senate. It occurred to me that we had an asset, a very powerful United States Senator in Washington by the name of Judd Gregg. Well between some methods by the Mayor and some methods on my part we were able to get the Senator to write a letter to the company setting forth the problem that Tyson had left the City with and asking if they would discuss some sort of transfer of the property. At that point, they started to talk to me. I talked to a man by the name of Ted Jones, who did all of the talking as far as Tyson was concerned. I gather that he handles the real estate disposal. His first comment to me was he said we will consider anything except a gift. That left us out there. We were hoping for a gift. We were hoping that they would gift it to us and we would cooperate with them in taking a charitable contribution but they weren't interested in that. Finally after some discussions with this gentleman about what they were talking about and interested in some of us got together with the Mayor and we wrote a letter to them setting forth conditions and making it very clear that it was subject to the approval of this Board. We offered \$1.6 million. They didn't even answer. Word came back to us from

Senator Gregg's office that the people who represent Tyson in Washington...basically the lobbyists I guess, said that we hadn't made an offer that was worthwhile. So we thought and thought and wondered some more what we should do. Finally we had another meeting and we increased the ante. We had a telephone conversation with Mr. Jones – the Mayor and I and Kevin and some others. Again making it very clear that anything we discussed was subject to approval by this Board. We offered them a total of \$3 million - \$2.5 million at closing and \$500,000 payable six months thereafter. At first Mr. Jones during the conference call thought that was something that they would be interested in. About a week or so later I got a call back from Mr. Jones at my house and he said they wanted \$3.5 million. That was just about the time that the City got hit with the \$4 million from the state as far as school aid was concerned. I told them I would pass the information on but it was doubtful that it could be reached. We met again and we finally decided there was no way the City could afford \$3.5 million so there we are locked in at \$3.5 million. Once again we appealed to Senator Gregg and this time the Senator's letter was addressed directly to Mr. Jack Tyson, who is the CEO and the founder of the company. The previous letter had been sent to the Chief Operating Officer. It was a rather strong letter indicating that they were picking on Manchester in effect because they struck a favorable deal with another city in some other state that I can't remember and it went on and on about putting 500 people out of work and what have you. Less than a week after that letter went out I got a call from Mr. Jones stating that they had accepted our proposal. He did say, however, that before the second letter went out they had entered into a brokerage arrangement with a firm in Boston and they had excluded any sale to the City of Manchester as far as paying a commission was concerned but only for about 90 days. That 90 days is over at the end of this month, which means that if the Board decides to go forward and waits until after the end of this month then Tyson will have to pay a commissioner, presumably 6% but I don't know and, therefore, the price will go up. That is the negotiation process. That is where we are now. That is what is presented to you tonight as far as how we got from an inability to get them to make arrangements to continue employment here in Manchester to negotiating with them and to finally have them accept, subject to this Board's approval and subject to them continuing with one environmental problem that is there and to accept the price of \$3 million - \$2.5 million at closing and \$500,000 six months afterwards without interest. In addition to that we will have time to do due diligence such as environmental surveys, etc. Some people have quite appropriately raised the question of look the 14 acres along the riverfront and the City gets a little over \$1.4 million for it and we are being asked to pay \$3 million for something like 16+ acres. Well the fact of the matter is if you compare the \$3 million to the \$1.4 million just like that with no other process considered it is not really comparing apples to apples. Now on the riverfront property there is a big figure of a foundation premium of \$795,000. The foundation premium means that they have to drill...insert and drill pilings way into the ground for when ash was dumped when they did the Millyard project. It was done legally. It was done under the supervision of the state, local and federal health officials but that problem does not exist on the Jac Pac property. The ash was jumped only on the land that was owned by the City of Manchester. If that problem was not there then presumably in

addition to the \$1.4 million you would have gotten \$795,000 more. In addition to that there is a power line easement that is required for the riverfront property. No such power line is required for Jac Pac and if there was no such requirement for riverfront you would have gotten another \$176,000. It is the same for storm drainage. That would have increased the price by \$148,000. There is a secondary access road that is across the Jac Pac property. \$89,250. If that wasn't there the price would have gone up \$89,250 and ironically of course if the City does decide to buy the Jac Pac property they can legitimately charge \$89,250 to the developer. That is their number. They expect to pay it. Then of course there is an extended water main for Jac Pac for \$75,000 and that wouldn't have to be done. If all of those problems did not exist with the riverfront property, the value would be almost \$2.7 million. Now the \$1,409,850 was taken from the arbitrator's decision. All of the other numbers were taken from the riverfront developer's appraisal. In other words, that came from the potential owner's appraisal, the Chinburg company. We are not really picking numbers out of the sky. We are using their numbers. I think that plus other factors you will realize that what we are really talking about is something closer to \$2.7 million for 14 acres rather than \$3 million. Then there were many other considerations. For instance Jac Pac has 17 acres and the riverfront has 14 acres. The configuration, the shape of the Jac Pac property is more conducive to development, better development and more variations of development because the riverfront property is long and narrow. The street access as Bob just told you is far better at Jac Pac and access to public ways is very desirable particularly on Queen City Avenue, which is a heavily traveled area. It is one of the gateways to the City and very desirable from that point of view. On top of that the topography is better. The riverfront property is basically flat along the river whereas the Jac Pac property rises gradually and if anyone is interested in developing buildings there and keeping a view of the river because of the telephone poles they can build multiple buildings going up the grade and still maintain the view of the river. As far as the environmentalist concerns, there are some issues with Jac Pac and the deal is that they are in the process already but they will continue to complete the environmental remediation to the satisfaction of the state and federal authorities. Other than that, there are no environmental problems there that we expect to find. I have talked to the manager of the Jac Pac property when it was in operation just this afternoon and he said that other than what I just mentioned we shouldn't find anything unusual there. However, when the purchase and sales agreement comes in we will have the right to do a Level I and a Level II if necessary and if we find we don't like what is there as far as environmental problems are concerned we will have the right not to purchase the property.

Mr. Kevin Clougherty, Finance Director, stated the Mayor asked us to pull together a budget for this project and in pulling it together the more we talked to Bill and to other City staff the more we realized that it wasn't simply a \$3 million issue. There are other issues that we have to consider, some of which were the purchase and sales agreement. We wanted to verify the due diligence process. We wanted to make sure that although we understand that Tyson will stand on its commitment to its environmental remedies we wanted to make sure that there are no other environmental issues down there. We want to make sure that as part

of this budget there are funds for us to do the due diligence and make sure that before there is any commitment by the City that we have a clean bill of health down there. We also, in discussions with the Mayor, the last time we did an update or comprehensive planning was about 10 years ago with LDR. We haven't really revisited that process where we have invited in the public and asked them to get involved in a real grass roots planning effort even though we have done a lot of things in the past 10 years in downtown Manchester so it is probably a good time to revisit that in light of the availability of this parcel to try to determine what is the best and most efficient use of that land down there. Another consideration would be the building and site preparation itself. Bill mentioned there are a number of old buildings down there so it might be demolished and we might have to do some other things. Considerations like that led us to the development of these items that we thought were important to bring to the Board's attention. What we did was we listed out the things that we thought were important to be considered up front so the Board knew what the level of commitment would be, assign a cost to that as best we could given the information we had and the source of funding. The acquisition, as Bill said, is \$3 million. \$2.5 million up front and then \$500,000 at a later date. Demolition. We have talked to the Building Department in terms of the condition of the buildings down there. We talked to MHRA and we have identified \$100,000 to demolish some or all of the buildings down there.

Administrative and professional expenses relate to the Housing Authority, legal fees that we will incur in the development of this deal. Environmental due diligence again is a high number – all of these are very conservative numbers based on what we have seen for expenditures based on the riverfront and other similar projects that might have environmental issues. Certainly if the environmental issues are minimal as we are led to believe by Tyson then those numbers are much higher than need be. Insurance again is based on a conservative estimate of the environmental situation and the potential down there. Title insurance. Maintenance and security. Utilities if you are going to keep all of the buildings down there running what that might be. Then the cost to the update of the LDR or the strategic plan. The last item, that \$75,000, would be from the Manchester Development Corporation. Those funds would be available through a directive of this Board to use some of their dollars. The others would come from what we have labeled as OTR, which is the one time revenue account, which you know is where we have been depositing proceeds from the sale of land and revenues we have gotten from proformers at Verizon and things of that nature. As I said, this is we think a very conservative number. The resolution actually has a dollar amount of \$3.4 million on it because the \$75,000 would come from MDC and we rounded it off to \$3.4 million understanding that as things work within this budget you may need some of those dollars and you may not need others. The one time revenue account has a current balance of \$3.7 million in it. We also...not included in that \$3.7 million are other anticipated dollars that we expect to be deposited in the near future. The Wellington properties for \$1.2 million, which I understand this month will be taken care of and the riverfront...the \$1.4 million. We have submitted a staff proposal of the deed document to the developers and they are reviewing that currently so we know they are anxious to move on that as well. If we could just go back, one of the reasons we are recommending the one time

revenue account as opposed to bonds or something like that is the idea here is that the City would run along some parallel paths. You would be doing your planning for the development of the entire property and looking at the MTA and the consolidations and all of those things. You would also be looking at a process to develop the land and market it and you would be doing your strategic planning. So within a year or a year and a half you would hopefully be in a position to market this property through an RFP process that would say the City has this land and we have done this study and these are the things we think are the best uses and go through a competitive process to have people coming in and entertaining proposals much as they did in Concord on some of the things that Bob was showing you earlier. So the one time revenue account is best for that. You don't want to go out and bond something that you are only going to have an active life of for a year or so because if you bond it you are going to be paying interest for 20 years and that doesn't make sense. The reason we set-up this account was specifically for projects like this so that you could take it, use it and then when it is developed those dollars would go back into the one time revenue account for the next project and it would perpetuate like that. The other thing that I know the Board has some considerations and concerns about is the tax rate. One of the things that Bill mentioned earlier was the effect of school funding and how we were a little bit blindsided by the action in the Legislature and would exhausting this fund put the City in any type of a particular difficult situation going forward. I would tell you that in addition to the Aldermen asking that, that is a question that some of the rating agencies have called us on. We met with them on a few occasions and they said well how are cities and towns going to deal with the cuts that resulted from the State legislation and are you going to exhaust all of your reserves. While other cities and towns are doing that, I don't think we are in that position. What we have indicated to them is we set-up these funds for economic development purposes to grow our tax base for the long haul and we should honor the use of those. We understand that we have some issues with the State school funding issue but we have other sources of funds that are available to help us with that. First of all, we don't know if that is going to be a reality. We are challenging that in court proceedings so that may or may not materialize. If it does materialize, we found that the schools have done a much better job then anticipated and generated more fund balance then we expected when we developed the budget and we think that the City's budget is performing better than it did last year as you have heard in the Committee on Accounts we think that we might be in a better position there. The City departments are already operating at a 98% level, which will be generating some savings. You have some dollars that are coming in from other sources that would be available and you would still have a balance in this one time revenue account. Although I haven't advocated using that, there would be those other deposits and those dollars would be in there. I think that the bottom line is that if the Board wants to go ahead and go forward with this project you have a source of funds that was developed for this purpose. It does not put you in jeopardy in terms of your long-term or short-term financial future and I think it is still within the realm of consideration that the impact that we will be looking to deal with not only this year but next year from a tax rate perspective probably won't be as bad as envisioned. We think that we may do a little bit better than we thought we would do with the

county tax. We think some of the valuation numbers may come in. Once we get into the fall and we have all of the numbers on the table we expect that the plug that we will have to make in order to get the budget down to the level of tax that the Board had forecast we will have the option to do that and you would not forego that this year or in future years by allocating these dollars to this project. I can speak to this one I think. In looking through the various items that we talked about...we have met with the Solicitor and we listed here the things that the Board would need to do in order to proceed with this project. You need to give an authorization to proceed with the project. We have to amend the Manchester Housing and Redevelopment Authority's cooperation agreement with the City. We have to amend certain CIP documents and start up forms and follow the same procedure as we do on any of these major projects and we would have to have a resolution adopted that allows for the expenditure of the one time revenues. All of those have been incorporated into a resolution that I believe have been prepared by the Clerk and are available for your consideration tonight.

Mayor Baines stated Bill is going to talk very briefly about some other opportunities that the City has taken advantage of through the past years but the property provides a key opportunity for expansion of the tax base in a non-residential manner, which we think is very critical based on the comments I made initially about being forward thinking and looking long term and creating jobs and opportunities and expanding the tax base. It replaces old manufacturing jobs with jobs of the future economy. There is tremendous interest in Manchester right now as you can see. With all of the reports that are coming out about Manchester and our tax climate and the recent report from Standard & Poore's about us being one of the six communities in the nation highlighted as withstanding the recession plus all of the economic activity and growth and recognition we are getting is creating a big buzz about Manchester around the nation that this is a good place to invest in. Obviously the continued viability and functioning of our airport is helping all of us to create opportunities here in Manchester. Funds are available for the exact purpose that we established them. When we came to the Board a couple of years ago and asked you to establish this one time revenue fund we talked consistently about this being an economic development opportunity to have money set aside when there were opportunities for the City. This is one that is an appropriate use of those funds. Also by doing this we are making a commitment to consolidation and modernization of the City fleet. We have some tremendous opportunities to look at what in the short term we can do with the fleet that is not only associated with the MTA but the City and eventually a new garage for the Highway Department that will give us a lot of opportunities for fleet maintenance, which is long overdue in this City. It is an opportunity before us and it is an opportunity to address the long term rail issues that Bob talked about – the park and ride issue that is still on the horizon that we are going to have to figure in the plans for the City. This is a great place to do it. We can also look at transit needs in the City in a comprehensive and efficient manner, again thinking long term. I would like to personally acknowledge...you read an article on Saturday that was actually one of the better articles that I have read in the newspaper lately that accurately portrayed the



cooperation that was extended here. I cannot thank enough Senator Gregg and his role in this. From Day 1 when we were initially dealing with Tyson the first person I reached out to was the Governor, who made the initial calls to open up the doors for conversation with me and Tyson officials and with Irwin Muskat and others to try to get part of that operation saved. We were not as successful immediately and when that happened we turned our attention to the other direction and Senator Gregg's involvement in this has been substantial and also demonstrates how you can cooperate to get things done reaching out to elected officials regardless of party affiliation. Finally, Bill Craig. Bill is an institution around projects like this in the City. When he came in and we started talking about it he said he would represent me and the interest of the City and the Board of Mayor and Aldermen eventually in these ongoing discussions with Tyson, which were very difficult. With all due respect to Tyson they are experiencing problems in other parts of the country. As you know they closed a plan up in Maine and another one down south. There are some tremendous issues going on with the company so to get their attention in Manchester was very critical and after some of my initial discussions with some of the hierarchy of Tyson they welcomed the opportunity to deal with Bill Craig so that was a good thing for all of us. A lot of people worked behind the scenes and I want to thank everybody, especially the City staff – Kevin and Randy and Bob MacKenzie and others like Seth Wall, my assistant, who have been very important to this process. Bill, I would like to turn it over to you for some final comments.

Atty. Craig stated one final matter that is probably a key philosophical approach that you as a Board of Directors in a sense have to address is a question has been raised as to whether the City should be involved in real estate development. With all due respect, it is far too late to ask that question. For over 40 years in my personal experience with the City, the City either acting alone or through the Manchester Housing and Redevelopment Authority has been actively engaged in real estate development. Just to list some of the more notable examples I want to refer you to, for instance, the three industrial parks at the south end of Manchester, the east industrial park which were all developed by the City and the Authority that have brought in numerous new industries and hundreds of jobs. The Manchester Transit Headquarters and garage were a City effort. The airport terminal was a City effort that has made us the envy of every city in New England. No one could be more proud of the way that terminal turned out. The civic center, although controversial in the beginning so far has been a resounding success and has breathed new life to downtown Manchester. You don't know how long I can remember when at Christmas time on Thursday nights and Saturday mornings you couldn't find a parking place on Elm Street in Manchester between Bridge and Granite Streets. Then there were places where for many years you didn't even need to park. All that has changed due to the civic center. The Burns high-rise apartments at Granite Square. The Pariseau high-rise building. The Kalivas Park high-rise. The O'Malley high-rise. The Gallen apartments. The Tarrytown Road apartments. The Wall Street towers. The Elmwood Gardens. Kelley's Falls project. 900 Elm Street just south of us here. The Center of New Hampshire. The Hampshire Plaza. The Fleet building at the corner of Bridge and Elm. The buildings on Bridge Street between Hampshire Lane and Chestnut Street. The

buildings on South Main Street across from the Burns high-rise. The police station. The central fire station. The Federal building on Chestnut Street. The office building on Elm Street between Pleasant Street and West Merrimack Street. The biggest project of them all was the redevelopment of the Millyard along the East Side of the Merrimack river. One of the largest, if not the largest industrial redevelopment projects in the entire country. Numerous obsolete and dangerous buildings were razed. The entire infrastructure was replaced. Commercial Street was transformed from the equivalent of a back alley to a modern street. Dangerous canals were eliminated. The railroad tracks were relocated. Canal Street was totally rebuilt to make it one of the most efficient streets in the City. It was all done under the supervision of a man named Joe Nelson, who is still hardy at the age of 90 and who incidentally is Alderman Porter's father-in-law. You might be interested to note that before this Millyard project was undertaken it was analyzed for its efficiency and effectiveness by a committee of very senior and responsible citizens of the City of Manchester chaired by William Loeb. They recommended that the project go forward. Now we all know, if you ever heard of him, that even though he was very, very controversial in many aspects at least in those days Mr. Loeb as publisher of the *Union Leader* was not afraid to let the City invest in its own future. That is what you are doing here. You are investing in your own future and there must be a continuity of it because it has been going on for more than 50 years. It was first done right after World War II. It used to be called the Kelley's Falls project. That was done in 1949 and 1950. It has continued ever since then and you have to maintain the cycle. The Center of New Hampshire was built when the prime rate was 22%. There was nothing going on in the way of construction in this area but we did it, meaning the City was successful and it kept things going and it bridged the gap between tough times and prosperous times. That is what you are up against. That is what a City must do in order to continue the flow of prosperity, which it must have in order to be successful. For instance, do you know who the biggest landlord is in the City? It is Manchester. As far as working with the Authority is concerned, the Authority owns 1,200 apartments for the poor and elderly who otherwise would have improper, unsanitary housing. Through the Section 8 program it has hundreds more. So this City in addition is one of the best and has taken care of its citizens in many ways. In past years because of what your predecessors have done people in Manchester have better places to live and more and better jobs available. What previous Boards have done is what have caused this City to be #1 in America and I respectfully submit that this is another opportunity for you to keep the Queen City in the #1 position.

Mayor Baines stated I would like to thank the Chairman of the Board, Bill Shea, who we brought in very, very early to make sure that we had the pulse of the Chairman of the Board in his experience in the City and Alderman Guinta because of the impact on his ward. We were prepared to go forward with the rest of the Board when things unfolded last week. I want to thank Bill who has been very diligent and asked a lot of tough questions and was in on a number of the conference calls that we had with Tyson officials to make sure that the interests of the Board of Mayor and Aldermen were protected along with Alderman Guinta.

We are here at a very important moment for the City and I would like to open it up to questions from members of the Board.

Alderman Gatsas stated with all due respect to the Chairman of the Board and with all due respect to you, your Honor, you stood before some of the members on this Aldermanic Board and told us it would never happen again. It would never happen again. I am very annoyed because now there are people involved without the rest of this Board knowing anything and we are hearing at 4 PM oh by the way Alderman we have to let you know something is happening because it is going to break in the newspaper. You stood there, your Honor, before this Board and you told some of us when Alderman O'Neil was the Chairman with the power plant that it was never going to happen again. We now have a Chairman that has done the same thing to the Board members that we were told would never happen again, your Honor. That is not right. There are 15 of us elected in this City. We should all be privileged to the same information at the same time as everybody else. That is wrong. You told us it would never happen again, your Honor. I don't know what you have for an excuse of why it would happen again but you told us it would never happen again and unless we are changing the ordinance...I applaud my colleague from Ward 1, Alderman Wihby, when he put this ordinance into effect because it says and I will read it, "the Board of Mayor and Aldermen may appropriate the balance or a portion of the balance during the development of the annual budget subject to the following conditions." Now as far as I know we are not...

Mayor Baines interjected please don't yell.

Alderman Gatsas stated I am annoyed, your Honor, because you told us it would never happen again.

Mayor Baines responded okay you have made your point.

Alderman Gatsas replied well give me an answer as to why you did it again.

Mayor Baines stated first of all I have every right as Mayor of the City to present and work on proposals to present to the Board of Mayor and Aldermen and I stand by that and I will continue to work in the best interest of the City always working with people telling them that the final decision rests with the Board of Mayor and Aldermen. That is perfectly within my responsibilities as the Chief Executive and Mayor of the City as any Mayor would act.

Alderman Gatsas asked are we changing the ordinance, your Honor.

Mayor Baines replied we will come back to your questions in a minute.

Alderman Shea stated first of all I was told that this was confidential simply because there were different factors involved. Therefore, I had raised the question as to whether or not the

other Aldermen should be notified. I was told that this was confidential. Therefore, being confidential I have to weigh whether confidentiality is part of the responsibility that I have. At no time did I as Chairman of the Board nor did Alderman Guinta not want to include the other people in this particular decision. However, because of the confidentiality of it we were then limited to what we could say to people. I couldn't just announce publicly the different details that I was privy to simply because I, as Chairman of the Board, was asked that until a final decision was made we shouldn't reveal this. Now I did mention at one of our discussions the leak that took place. Some people unfortunately Alderman Porter felt that he was not informed and so forth and that was not the intent. That was not the intent. The intent was to have each Alderman be briefed on what everyone else was and we did have...I believe Alderman Garrity came in and Alderman Forest came in and others were invited. Unfortunately between the time that the other people were contacted there was a leak that was made known through the newspaper through no fault of our own. Therefore, I as Chairman of the Board did not feel that I should call Alderman Gatsas or Alderman Osborne or Alderman Shea or Alderman Garrity or Alderman DeVries because basically that opportunity was going to be afforded to them before the leak in the newspaper came out.

Alderman O'Neil stated this is exactly what I was criticized for during my time as Chairman of the Board. We do have a process. We do elect the Chairman of the Board to represent us. I always appreciated the opportunity as Chairman to be involved in some preliminary discussions. I support Alderman Shea being involved in those preliminary discussions and when appropriate a project can be brought forward to the Board. I did not have the luxury of being invited to any meetings that were being set up but I do appreciate that both Kevin Clougherty and Seth Wall reached out to me and left messages on that Monday I think. I didn't actually have a chance to speak to either of them until Tuesday but we need to take the high road on this. Again, I feel very strongly about...we do have a process. We elect a Chairman. I support Alderman Shea in his role as Chairman. I appreciate the fact that Alderman Guinta who is representing the ward that is effected was involved and I stand with them in support of this project.

Alderman DeVries stated I would like to get a little bit more on track here rather than to spend a lot more time because this is a very important issue. I think maybe Mr. MacKenzie you can help me. Because what people are having a hard time or the general public is having a hard time with is why would this...and I realize you covered this in your presentation but why would it be so inappropriate for private monies to step in and handle this project for us. Why can we not work with some design criteria such as we have for the gaslight district or the arena district or South Willow Street something that will help guide that venture to be appropriate and not to end up as low income housing or some of the other things that are allowed in the zoning as this property is zoned could bring us? Can you explain?

Mr. MacKenzie responded sure. To me the issue boils down to uses and not design issues. The Board fairly recently changed the zoning to allow housing in that particular district. To

me at this particular point in time and at this particular location and given the size of it commercial uses are much more appropriate and better for the City long term than large housing is. I don't know how you would deal with that situation other than by either taking control of that site and making sure that the destiny is what we want to see or going back to the zoning ordinance and changing it again to eliminate housing. It seemed to me that the higher route would actually be to take control and make sure that we get what we want to see there.

Alderman DeVries asked why would the housing that we would see at that property be any different than the housing that Mr. Chinburg is bringing us down on the other riverfront property, which is a very high end housing not anticipated to put a load on any of our schools.

Mr. MacKenzie answered I think it is the magnitude of what could go on there. I know Alderman Roy had asked me a number of questions about the potential school impacts. This particular area does go to Bakersville School. The zoning would allow for 475 units. There is an impact there of potentially 75 to 100 students directly on Bakersville School. I would not see this particular site at its location on the East Side of the river going high end like the Chinburg project is. The Chinburg project is condominium, all condominium. That has different characteristics in terms of generating school students. This particular project I would see as a rental apartment and I just would fear that with 75 to 100 students they could not be accommodated at Bakersville and I don't believe you could build an addition on to Bakersville to support that because the core of Bakersville School is so small and the site is relatively small that I think you would probably and again Alderman Roy asked me about this I think you would probably have to look at a new school for that district.

Alderman DeVries responded I understand that you are saying you don't see it. Could you elaborate on that? For what reason do you see that housing being rental versus what we have at the other abutting riverfront property?

Mr. MacKenzie replied the primary difference is that the Chinburg property is directly on the river. This site there are three smaller parcels but it is so narrow at that point and it has no public frontage. I don't believe we would be able to develop that portion along the river. Once you are on the other side of the tracks, you are on the other side of the tracks and I don't see high end residential going into that area because of its location.

Alderman DeVries stated the property that is directly on the river, if that was to be overhauled because it is an existing property and people listening are going to say well it is already existing and we don't have to build on the river we just need to improve what is already there what is the percentage of improvements that would trigger them to meet current zoning and other setback issues from the river.

Mr. MacKenzie responded it is not really possible to retrofit that. What is on that side of the river is really a locker. It is not really a building. It was built as a locker and you could not really retrofit that for residential just because of the way it is designed and built. They would have to comply with all current building codes and Shoreline Protection Act setbacks.

Alderman Thibault stated I would just like to have the members of this Board realize that in the few years that I have been here we have gone through this kind of decision maybe 25 or 30 times and in all of the projects that we did I have yet to see one fail. Here we are again faced with making a decision that is going to actually go into the future maybe 25 or 30 years. Again, we have our best people working on this coming up with the figures and telling us where things are at. I wonder where this City would be if in all of the decisions that we have had to make in the past we would have held back. The City would be like what you just said before, your Honor, it would be in disrepair and certainly not doing what it is doing today. I hope the members of this Board think about this very carefully and as a member of the MDC I fully support this thing and fully support the fact that we are going to put in \$75,000.

Alderman Lopez stated as a comment I respect the Chairman of the Board and I know the Ward Alderman has been involved but this is not a ward issue as far as I am concerned. This affects the entire City in making a decision of this magnitude. That is all I will say about that. Can somebody tell me who the players involved were? Was the Destination Manchester Coordinator involved in this? Who were all of the players involved?

Mayor Baines responded in the initial discussions we had an agreement with Tyson and obviously because of the confidentiality of striking an agreement we tried to limit the involvement of people. The agreement with them was that we would not even go public with this until we had spoken to individual members and tried to secure support before we went public with it. The people that are sitting right here were the ones that were involved. Mainly myself, Bill Craig and Kevin Clougherty and Alderman Shea and Alderman Guinta.

Alderman Lopez asked the Destination Manchester Coordinator was not involved.

Mayor Baines answered I took the lead on this issue.

Atty. Craig stated I actually did all of the talking with the representative from Tyson except for the one conference call where the Mayor was there along with Kevin Clougherty and Tom Clark. I probably had 10 or 12 telephone calls from Ted Jones and it was one-on-one. As a matter of fact as I said before several times he even called me at home. All the other times he called me at my office.

Alderman Lopez stated I respect you Atty. Craig but, and the reason I say this is I think from experience that we have encountered as Aldermen and basically we are here to say yes or no

and weigh the facts but some of the conversations over the past few years didn't turn out the way they should have turned out. One prime example is you mentioned Jac Pac comparison of sites with the riverfront and you mentioned some line items and the arbitrators taking that into consideration. Now had we really understood that the arbitrators were the final say so and given all of the information up front we probably would have changed that particular item. When two people sat down in a room and received information and then decided they were going to subtract this and that and we had appraisers saying it was worth over \$3 million....so my question to you is are you indicating to me when you are doing this analysis that you don't foresee any cost to the City in reference to power lines, storm drains and things like that?

Atty. Craig responded that is correct. Particularly the big item of \$795,000.

Alderman Lopez asked the foundation premium.

Atty. Craig answered yes.

Alderman Lopez asked Mr. MacKenzie back to Alderman DeVries' question I think and I realize we didn't act on it yet but didn't you present a plan for the gaslight district that we had to act upon.

Mr. MacKenzie stated the Board did take an action on the overlay zoning for the gaslight district and the warehouse district. That has been passed. We have design guidelines to kind of guide what can be developed in that particular area.

Alderman Lopez asked could this not be the same thing that we could do for Jac Pac.

Mr. MacKenzie answered again the only issue that comes...to some extent yes you could have design guidelines for what could be built there. You would not be able to control whether anything is redeveloped though. Some of the space could be used for warehousing. Some of it could be used for distribution. You certainly wouldn't necessarily guarantee the maximum reeves and again I looked at those parcels in Concord. That is \$20 million worth of assessed value. The only way you can guarantee that you are going to have that significant increase in values is to take more control in it. You can do part of what you would want to do through design guidelines. Again, the only real concern I have is housing. You can't use an overlay to really eliminate housing in that area. I think housing in that particular location would not be as good as commercial uses.

Alderman Lopez asked didn't we restrict housing in the Biron Street/Pinardville area to elderly housing. We did all of those things in order for the individual to build. Isn't that correct?

Mr. MacKenzie answered we didn't have any restrictions on that. Because the City put funding into that project, there were negotiations and they committed to a portion of it as elderly but that was only because we actually had money invested in that particular private development.

Alderman Lopez stated I have one last comment. I really think and I have said this before from the riverfront that Alderman should be involved. Maybe a team of Aldermen should have been involved in this process or maybe the Chairman of one of the standing committees on a major project like this. To read everything in the newspaper and accidentally talk to Kevin because I called the Mayor's office but to read everything in the newspaper on what went on wasn't the right way to do it. I would like to say that even as a Charter Commissioner who helped put the Charter together there are officers in this City who are appointed by the Board of Mayor and Aldermen and have a fiduciary responsibility to this Board as to what is going on. Personally I don't really think that fiduciary responsibility was given to this Board as to what was going on. Maybe to the individuals who were there but we could have had an executive session. We know about confidentiality but apparently that didn't work with you people either. Somebody spilled the beans to the *Union Leader* and that was it. That is the only comment I have.

Mr. Clougherty stated we always like to deal with the Board and bring the Board up-to-date on all of these projects as you stated. The way this project evolved was certainly not something that the staff or any of the people involved wanted it to evolve. When initiated conversations with the company resulted in some dollars it was the wishes of the company that it be kept confidential and Bill may be able to further talk about that because he negotiated it. So the staff was trying to keep their commitment to the company that they would not come forward with this unless there was some potential for it. Unfortunately, that process got short-circuited because it was made public. There is no question that we had to scramble to try and get the people on the Board and let them know what was going on. That is certainly not a position that any of the staff wanted to be in and it certainly wasn't a situation that the Board enjoys. That is the position we found ourselves in and it is regrettable. We tried to do this the right way but sometimes despite everybody's best efforts it doesn't get there. In the future we know the Board wants to be updated and we will try to work to honor that. It was just unfortunate the way it evolved.

Mayor Baines stated again that is the process we were following. Again, to have every single Alderman come in and get the briefing and to respect the confidentiality of a negotiated process that was very time consuming and very difficult. We did what we were supposed to do.

Alderman Roy stated I am going to beg your indulgence if we can have the slide brought back up.



Mayor Baines asked which one.

Alderman Roy answered the one that Mr. MacKenzie didn't like – the close-up of properties. I believe it was number four.

Mr. Clougherty asked is that the photo or the graphic.

Alderman Roy answered the graphic right before the photo. What I will do is start my questioning as it comes up for Mr. MacKenzie. Bob, we had a discussion regarding not only the development of this process, which I do agree with some of my colleagues that I would have loved more Aldermanic input but moving on to the specifics of economic development we had a discussion regarding school costs, impact fees and direct impact for the taxpayer. As you look at this project, as we have looked at many projects in the past, what would be the upside and what would be the downside if the City did not have control of this process?

Mr. MacKenzie stated in my mind I think it comes to the long-term investment strategy of the City. If you had a short-term investment strategy I am not sure if you would invest in this property. Looking longer term though I think we have to look at the job creation and the tax base creation and based upon my knowledge of the real estate market in the area I think some type of commercial uses, particularly potential office uses or medical uses would be best in this area. There may be room for some small retail uses along Queen City Avenue and again there is a potential for redevelopment of the MTA, which could extend what might happen in this particular area. It is set-up so that you could bring a new roadway or a revised roadway off from the existing signalized intersection on Queen City directly in, put a cul-de-sac here and develop this as a first phase and if we ever did redevelop MTA we could just extend that perhaps all the way out to Elm Street. I do see that in terms of the property tax revenues you would get your biggest bang from your buck from the type of park that I showed you in Concord. They actually have relatively low service needs in comparison to housing and yet they are relatively strong in terms of the taxes they would pay every year based upon the assessed valuation.

Alderman Roy stated in looking at the total parcels how many acres are the two parcels along the river and does it extend under Queen City Avenue.

Mr. MacKenzie responded it does not extend under Queen City Avenue. I don't have right off the bat the acreages for those parcels on the river but those probably relate to about five acres.

Alderman Roy stated in looking at this and I think it is somewhat deceiving to the people who are not aware of what a paper street is and what some of the divisions between the properties are but from a City standpoint this, including the MTA property, could be made one contiguous property with the only division being the railroad tracks.

Mr. MacKenzie replied that is correct.

Alderman Roy stated and then there are some other abutters with more frontage on Elm Street that also have been looking at redevelopment is my understanding – more specifically this property.

Mr. MacKenzie replied yes. I know in the past there has been, without getting into any detail, interest in that parcel. That is a large property that does extend all the way to Elm Street.

Alderman Roy stated in looking at the City's past, which Atty. Craig so eloquently stated to us, when you look at what we are currently doing compared to what we are currently bringing on line as my tenure here has been very short I have seen a lot of projects actually come on line that started in the 1980's and earlier. What would your opinion be of the impact that this would have on the future of not only projects but redevelopment of the South downtown area?

Mr. MacKenzie responded I think this would certainly change the image, particularly since we are going to be working on the entire riverfront area and extending that to Queen City Avenue. People on Queen City Avenue will not really see any image change from the stadium or these but they would see a major change as you exited off the highway and if this were redeveloped. The Sundial Center opposite of it where Hesser College is has actually come out very nice. Improving this particular area, I think, would improve much of Queen City Avenue. This is a strip that has a lot of connectors to both the Second Street retail and the South Willow Street retail. This would certainly be an image boost for the entire South downtown area.

Alderman Roy stated I have one final question and would like a very specific yes or no answer. If you were sitting in my shoes representing a residential taxpayer do you think this would be the best choice to spend the \$3.4 million?

Mr. MacKenzie responded yes.

Alderman Porter stated I would like to express a few concerns that I have as an elected representative from Ward 6. I guess I have to reconcile the fact that we do have a taxable property that would be off of the rolls. We would be removing it from control of the private sector and taking it on to the public sector. I know that there have been some successful projects and we always talk about the sizzle and not the steak. Granted, and I do believe the Verizon Center was a good project, it does cost in the taxpayer's tax payment. There is an opportunity lost because we don't get probably \$100,000 or better in real estate taxes that was already there. Bridge and Elm took a substantially long time to market and that could be

the market itself doing that. I am not faulting anybody. We also floated a \$5 million bond, the debt service of which will hopefully be covered by the taxes from the apartments. This is a revenue neutral project. The baseball stadium, \$27.5 million of bonding at best will be a revenue neutral project. The condominiums and the hotel, the taxes generated from there although it is not a TIF so they don't go directly we can basically say that the revenue hopefully from those will cover the debt service of the bond. These are facts. If anybody disagrees I would certainly welcome any opportunity. I look at this and I have to feel that it is the right thing to do. Speculation, I have used the term and I don't know necessarily if that is the right or wrong case but I do know that this Board has cut back on the police budget, the fire budget and a lot of other budgets. The Mayor cut back on the school budget and we cut the school budget even further. For us to spend \$3 million or \$3.5 million to buy a taxable property in the hopes of something coming in the future it where I am not yet convinced. I don't know that I am ready to vote on this tonight. I don't know that I will be ready tomorrow. One of the other things that concerns me and I have a little bit of a concern with the process but I think that has been dealt with, I have a concern that this is once again another project where you have a five minute window of opportunity or else you lose it. I have seen too many of these things over my career with the City and I don't think it is in the best interest of the taxpayers or a decision of this Board. People have known about this project for several months. We have been involved with it now for less than an hour so I hope you can appreciate the fact that I am trying to be totally up front and I am not prepared to vote on it this evening.

Mayor Baines responded I appreciate your comments.

Mr. MacKenzie asked could I just talk a little bit about tax base issues. I am generally very conservative about getting involved in any large land acquisition issues but there are times when you selectively take projects that may not be fully tax revenue positive because those are important to do. I use as an example the tax base of the downtown area. As you know probably 50 years ago 1/3 of the tax base of the City was in the central area. Up until a couple of years ago that had shrunk to the point where the tax base was about 7% of the entire City. For the first time last year we turned around an 80 year decline in the central city tax base and to take an entire area like that and turn it around is very difficult but the City has worked hard to do that and sometimes you have to invest in certain projects that are tax revenue neutral in order to have a much larger impact in terms of your overall tax.

Alderman Porter replied I don't disagree with that at all but I think it should be pointed out that these are the facts. It doesn't make them bad projects but I guess I do have a concern at this point. Maybe we should sit back and enjoy a lot of the successes that we have had. To make a decision hastily this evening could...if we have questions later on once it is voted up...I don't like voting on a concept because obviously having been involved with real estate in terms of selling it as a profession if you can acquire the lot next door to you for a reasonable amount of money absolutely but we are not the private sector. We are

representing other people. It is their money and I think that we have to make darn sure...I myself will follow-up in discussions with you further on this because I think there is some lack of specificity and you probably don't have specific projects in mind. I know that Kevin mentioned big box retailers. What type of big box retailers Kevin?

Mr. Clougherty responded when we had our discussion with the *Union Leader* one of the things that Mike Cousineau did was list out all of the things that he had talked about or heard about. I don't believe that was a direct quote but something that Mike extracted from discussions. Is that possible? As I have said to your earlier my feeling is you should do a strategic planning effort as part of this project and take a look at what is the best possible use and to heavily engage the public in that process as we did when we did the LDR project many years ago. In terms of the valuation for the civic center, we haven't done a revaluation since the civic center open so I think that plays into some of what we discussed earlier. These projects, as Bill mentioned, are long term. There may not even be a break-even point but you are looking at them over a 20-year basis. Because the debt service is fixed and going down and because property is going to be going up, virtually every project that the City has done has a break even within the life of the bond. That has been proven. I think all of that is worth consideration. As Bill said earlier you are in this for the long term, not for this year or for next year.

Alderman Osborne asked, Mr. MacKenzie, how long has this been zoned RDV.

Mr. MacKenzie answered this property has been zoned RDV since 2001.

Alderman Osborne asked and this was to go along with the riverfront and the gaslight district, etc. Is that when this was done?

Mr. MacKenzie answered it was actually zoned RDV when the Hesser building across the street was done.

Alderman Osborne asked so it was zoned what before, industrial.

Mr. MacKenzie answered yes.

Alderman Osborne asked so what would be the problem with rezoning this back to industrial.

Mr. MacKenzie answered I think the Board could consider that. I wouldn't necessarily put it into industrial because you don't get any more industrial in these type of areas anymore to be blunt. It would have to be commercial, probably B-2 or some other because the building across the street, the Sundial Center, was an industrial mill building but there was no industrial left in that because there is no demand for industrial in that space.

Alderman Osborne stated but at least it gives the City a hold on that particular property so we don't get hit with an impact on the schools with residential, etc. You would have industrial looking there or office space or whatever it might be which we need. We have enough housing right now. Actually Manchester is becoming a sleeping City rather than a working City and that is the problem with the whole situation here. I think it is something to look into. There is nothing illegal about it is there?

Mr. MacKenzie responded no.

Alderman Osborne stated they were industrial when they were there so why can't they be industrial now.

Mr. MacKenzie replied the Board could look at changing the zoning. Again, it probably wouldn't be industrial but probably some kind of commercial as opposed to residential.

Alderman Osborne stated well that would at least hold back the schools then.

Mr. MacKenzie responded right.

Atty. Craig stated when the ordinance was adopted in 1965 everything along South Willow Street was zoned industrial and just about everyone there in the way of buildings outside of a few factories had their zoning changed and they all became commercial rather than industrial and they only got legalized in the last zoning rewrite a few years ago.

Alderman Osborne stated I think it is a risk either way.

Atty. Craig responded that is true but rezoning is not a guarantee of protection.

Alderman Osborne stated well neither is the other way.

Alderman Guinta stated I think this debate is a very important one to have and I appreciate the amount of time that we are giving this particular issue and I can also appreciate the passions that we are hearing tonight. This, I think, is going to be one of the more important votes that I have ever taken as an Alderman in the City and I personally take that extremely seriously. I sit in this seat today. I may not sit in it for another term. I have to be extremely careful about how I vote, especially when votes are going to impact this City for years to come and this is one of those votes that will impact the direction of this City. There have been some frank discussions about who knows what and who knew it when. I can certainly appreciate those feelings and those positions and I from time to time have shared some of those concerns on other projects. That being said if we look at this project and look at it through the eyes of the future of our City and the ability that we have today to shape our

future I think that is the most important thing that we have to look at. That we as 15 people have the opportunity to shape not just downtown, not just a piece of acreage along the river but we have an opportunity to shape the future of the largest City in the state. That is really what I think the impact of this project has. I absolutely take it seriously. I think it is a very, very important vote. If we were in a position to have an extended negotiation and a much more open process I think people would have been much happier. Unfortunately that is not the case. We are under a time constraint whether we like it or not. I think we are here and we have to make the best decision that we possibly can make based on the information we have and based on the efforts of the people involved in this project. This is not a political project. This is not a partisan project. It is people in the City and in the state coming together and trying to do what is right or what the collective body thinks is right for the City. I happen to think that purchasing this property with a strategic vision in its future development is the best way to utilize this property. I may not be part of the decision making process about what particularly goes on this piece of property but I will take a lot of satisfaction in knowing that I was part of the vote that made other people have that opportunity. When you talk about communities and you talk about markets in the private sector I don't think we are taking an opportunity away from the private sector. I actually look at it in the reverse. I think that we are, through a strategic process, allowing any developer, any private entity in the City or the state to take part in the future development of downtown. What do we hear from private developers who come before us? They want to take part in the City. They want to see future development and future growth. They are making money and impacting the changes in the City. They are continuing their investments in the City. They are doing things that we certainly support as a City and we do things that developers certainly expect us to do in support of the City. I really do appreciate how challenging this issue is but I think at the crux of the issue is having the foresight to look down the road 10 years and have an ability to impact what our City is going to look like. The process could have been better or different I should say but that is not what was before us. We have an opportunity. It is a short window. That does bring some concerns to the Board but I think the long term goal is to shape the future of the City and I think we have that opportunity and I would hope there would be enough support for this project to move forward.

Alderman Shea stated I think that in the course...and I did have various questions that I did raise during the course of our discussion and I certainly feel that obviously the process that was used did not include all of the Aldermen at the time that the confidentiality had to be maintained. We shouldn't lose the fact as Alderman Guinta indicated that the process and the product are two different things. I realize that certain individuals would have contributed more. What I tried to do during the course of the discussions was raise certain issues such as questions will be asked relating to what do you intend to do with the property once the City owns it, how long do you intend to own it, when will the marketing begin, are there interested parties now? Another concern might be are there any economic development projects on the fast track other than this one? There should be a discussion by the Finance

Department regarding how much is in the trust fund and if there would be funds in this account after funding this project if 10 Aldermen voted to use funds from this account to help with the tax rate. Should MDC be involved and is their participation necessary? If not, their participation than whose? There have been rumblings about why the Manchester Development Corporation is involved because their participation in the minds of unknown Aldermen is sometimes a problem. There should be a discussion why the Manchester Housing Authority has been contacted to be a partner in this project. There should also be a very pointed discussion relative to why confidentiality had to be maintained and the timing of discussions with the Aldermen – the funding source, the Tyson contract, the timeline for accepting the offer and the leak to the newspaper. There should be a detailed discussion relevant to why it is in the best interest of the City to purchase this property including when the process started, why and the emphasis on the reasons for purchasing the property including Assessor's report, environmental issues, federal funds, how this property is different from Hackett Hill property and others. These are points that I, as an Alderman, tried to raise during the course of the discussions. These are the things that I thought the Aldermen might be interested in knowing or would want to know and there was absolutely no intent on my part or on the part of Alderman Guinta although I don't want to speak for him...we did not want this to be something where a decision was made by us and then it was thrown to you. We wanted all of the Aldermen at the proper time...we weren't privy to the confidentiality as to when this was settled any sooner than when we were meeting and the point of the matter is it happened so quickly that somehow or other someone at some time let someone know who shouldn't have revealed what was supposedly a confidential type of situation from becoming public and I am not sure exactly why it happened but the point of the matter is in all due respect to what my role is, I tried to represent to the best of my ability as did Alderman Guinta that we would try to be as helpful as we could within the context of what our participation was.

Mayor Baines stated very well said. I think we conducted ourselves in a proper and honorable way and I also appreciate those Aldermen who have expressed their concerns in a respectful way, which is the way this Board should conduct themselves and I wish everyone would conduct themselves in that manner. Solicitor Clark would you please address the concerns raised by Alderman Gatsas.

Solicitor Thomas Clark stated I believe Alderman Gatsas was referring to the so-called one time revenue account ordinance which requires that he give a portion of it or whatever portion the Board wishes to use be appropriated during the annual budget process. That is what the ordinance says. If the Board intends to use those funds they would most likely have to come back with an ordinance amendment.

Alderman Gatsas asked do you need 10 votes to change an ordinance.

Solicitor Clark answered you can amend an ordinance with a majority vote.

Alderman Lopez stated I need some clarification. Solicitor Clark maybe I misheard something but the way the ordinance is right now it requires 10 votes.

Solicitor Clark responded no.

Alderman Gatsas stated to move money yes it is.

Solicitor Clark replied no it is not. It is 10 votes if you don't use it for the purposes listed in the ordinance.

Alderman Gatsas stated to move any portion of the funds it requires a 2/3 vote.

Solicitor Clark responded the last paragraph says, "no available balance in the special revenue reserve account shall be utilized for any purpose other than those listed herein without the specific approval of a 2/3 vote."

Mayor Baines asked what is herein.

Solicitor Clark answered capital purchases is listed in the ordinance.

Mayor Baines asked so that qualifies.

Solicitor Clark answered if it had been appropriated it would not take a 2/3 vote to use it. It would take a majority vote. To amend the ordinance itself takes a majority vote.

Alderman Gatsas stated I want to extend my apologies your Honor but I was willing to look at this project subjectively until I heard a promise that you made me at least. That is probably what really infuriated me because I respect you and I respect the office and I didn't think that would ever happen again because you gave me your word as a person and as a Mayor that it wouldn't happen but let's go beyond that and let's talk about the project subjectively because I always like to talk subjectively when we have Finance and Planning before us and certainly Atty. Craig because his history goes back an awful long way. Now I assume that everybody wants us to make a decision on a \$3 million deal based on what we have before us – no agreements because your Honor I think it was you who taught me that we should read agreements before we go forward. Do we have those agreements?

Atty. Craig responded we have not yet received a purchase and sales agreement. We have outlined for them and they have agreed with the basic terms. The basic terms being a price of \$2.5 million at closing and \$500,000 in six months. They will continue to absorb the costs and will rectify the existing environmental problem. They will give us the opportunity to do due diligence with respect to environmental and title matters.



Alderman Gatsas asked has any consideration been given from the reduction of price as a contribution to the City for tax purposes.

Atty. Craig answered yes and they declined it.

Alderman Gatsas asked from the \$5 million to the \$3 million.

Atty. Craig answered yes. They have declined any...they said they are uninterested in a charitable contribution. I asked them that twice. We asked them that in the first letter that went out...as a matter of fact the only letter that went out from us.

Alderman Gatsas asked so in that contract we will see something that says that even though the assessed valuation by the City is \$7 million+ that there should be no interpretation from a tax or an IRS point of view that Tyson has made a contribution to the City for the difference between the \$7 million and the \$3 million.

Atty. Craig answered we can put that in because they said they are not interested. Normally the purchase and sales agreement as you know does not refer to such matters but certainly we can put that in.

Alderman Gatsas asked wouldn't it make sense if somebody was assessed at that value that they could write-off that difference from a tax point of view.

Atty. Craig answered I would have thought so but Tyson is...the fact of the matter is that I think \$3 million for Tyson is payments.

Alderman Gatsas stated Mr. MacKenzie let's talk about the two pieces along the river because I think you said the combined 17 acres would possibly mean 475 units. If we exclude those 5 acres from that premise because they are across the river and really don't have accessibility to that tie in of the property and you wouldn't be able to build there, what would the 12 acres create?

Mr. MacKenzie responded I still believe you could have 375 to 400 housing units if you could not build on the westerly side of the tracks.

Alderman Gatsas asked five acres only accommodates 100 units.

Mr. MacKenzie answered yes approximately.

Alderman Gatsas asked and what would you say the value of those five acres is.

Mr. MacKenzie answered it would be hard for me to establish a percentage value because there are so many questions related to access and no frontage on a public street.

Alderman Gatsas stated Kevin you said the numbers that we have for associated costs before us are based on one year and you talked and gave us an example that you thought it would probably take a year and a half to two years to develop. Where would the additional funding come from for the maintenance, security, utilities, title insurance and insurances?

Mr. Clougherty responded that is what I mentioned earlier. In discussions with the Housing Authority this was presented as one year but we feel it could go longer than that because you are not going to do all of them as we understand it. For example, if you do the demolition at \$100,000 you are not going to have the utility costs. Some of those items are offsetting and in that regard it gives you sufficient funding to carry the project forward.

Alderman Gatsas asked let me understand you. To demolish 180,000 square feet of that building down there is only \$100,000?

Mr. Clougherty answered the cost that we have from the Housing Authority is \$100,000.

Alderman Gatsas stated Mr. MacKenzie do you want to voice your opinion of that.

Mr. MacKenzie responded \$100,000 would not demolish the entire site. There are facilities or portions of the buildings that are just economically obsolete and probably should be demolished early on. Eventually as you got into the redevelopment phase and you had a viable building, you can negotiate with prospective buyers as to whether they would want to take those down. So the \$100,000 would not demolish all of the buildings on the site.

Alderman Gatsas asked can you put that chart up there that Alderman Roy was referring to please. Hancock Street goes out to and I don't know what that street is that runs between Elm Street and Queen City Avenue. Is it Brown Avenue Extension? Okay I think that is Brown Avenue. Wouldn't you agree that if you come down to the portions that abut Manchester Transit, those five or six or seven white blocks that are between and I will use Alderman Roy's pointer but these right in there, this right here and these going out what kind of property would you say that is? Have you been down there? Do you know what that area looks like? Would you say that that wouldn't be conducive to telling somebody that a retailer was going to come in unless the City was going to end up buying everything that was going out this way?

Mr. Clougherty answered again Alderman I think that is why you want to do your strategic planning process so that you can allow for the best type of development down there. I don't have an answer for you.

Alderman Gatsas stated I understand that but that is obviously not going to help us if somebody comes in and says well what about all of this area that is blighted.

Mr. Clougherty responded I guess I don't understand what your point is, Alderman. Are you saying that we shouldn't do redevelopment projects because we want to keep the area blighted?

Alderman Gatsas replied no what I am saying, Kevin, is that obviously somebody is going to say you better look at this for eminent domain because we are not going to do that project unless we can get that. The access to Hancock Street is pretty small. Somebody is going to want to look, if you are talking about box retailers, they aren't going to be looking for only one access in off of Queen City Avenue.

Mr. Clougherty responded again I wouldn't emphasize box retailers. I don't know what the best mix is. That was a list of all of the things talked about that could be down there. There is no commitment to any one of those. It is just a potpourri of different things that could go there. You go through the strategic planning process and you try to develop an understanding of what is the best approach down there. Conversely, I would guess if you have a development that is going to go into those areas that those projects become more valuable, those residential properties, and other developers may look at that. That may help some of those residential owners to get a better value for their dollar. I don't think the City has to eminent domain that whole area down there in order for a development project to work. I think that is where the private partnership could work in. Maybe Bill could speak to how that has happened in some of the other projects that started as a piece like this and then grew as people understood what the planning process was and what the intent was. I think that happened with the flat iron and some of those other projects. That is why you go through a planning process.

Alderman Gatsas asked are you asking us to vote on this project without seeing the contract.

Mayor Baines replied I did not intend on asking for a vote on this tonight as I had worked out with the Chairman of the Board unless the Board was so inclined to vote tonight. That is the way I left it.

Alderman Gatsas stated I guess my question is are we going to see a contract before we as a Board are going to be asked to vote on the project.

Mayor Baines asked Atty. Craig to comment on the process.

Atty. Craig stated I don't know when you expect to vote on it but if it is going to be tomorrow I don't expect to see the contract by tomorrow. We have listed an outline in our one letter to them, which we feel we could recommend to the Board and Bob can explain to

you what the context of that letter was and if there are any deviations from that contract we will not recommend that it be signed.

Alderman Porter asked if the City did not perform or at least enter into a purchase and sales agreement by September 1 the issue there is that a commission would have to be paid assuming that Tyson would probably try to have the buyer pay the commission which at 6% would be \$180,000 at \$3 million.

Atty. Craig answered that is correct.

Alderman Porter stated I have a couple of questions. When you deal with the due diligence period what kind of provisions will be placed in the purchase and sales agreement and what happens if the City runs into something? Is it a refundable deposit? Is everything refundable or how will that work?

Atty. Craig responded as far as I know there has been no talk of a deposit but when I talked to the Tyson people he has...I mentioned that this man Ted Jones has an assistance whose first name is Elizabeth and he relies on her and I can't remember her last name but I talked to her more frequently and she said normally they allow 90 days from the day the contract is signed and I said well suppose we run into a situation where we require more time for a Level II environmental for instance. She said in that case we would allow you more time. I am not sure I answered all of your questions.

Alderman Porter replied yes. Again, if the City were your client I don't think you would recommend that we go ahead and approve something without seeing the purchase and sales and agreeing on all of the terms.

Atty. Craig stated the basic terms have been outlined in a letter to them that they received from us subject to the Board's approval. They have agreed to that and the basic terms are just what you would expect and what has been explained to you. If the contract goes beyond those basic terms then they will either take them out or we will come back to the Board and say we don't think that land is square.

Alderman Porter stated so I am assuming that after we buy it there will be a higher and best use study done on there. I think all of the dreams about getting certain types of industry or I would assume R&D and office space would be the highest yield to the City if we were able to occupy it with that. Is there a demand? Have real estate people been involved in the demand for that type of space? I think there are too many questions to be answered in my mind to be able to say go ahead we will buy it and then we will figure out what we will do with it. Has Guilford Transportation been involved? Have they been in the loop at all?

Atty. Craig responded no.

Alderman Porter asked what were the air rights over the tracks that Jac Pac had Bob.

Mr. MacKenzie answered those air rights were to connect utilities and pedestrian connection between the two buildings.

Alderman Porter asked so they go with the property.

Mr. MacKenzie answered yes they would go with the property.

Alderman Porter asked is there any way that Guilford could deny the City crossing the tracks.

Atty. Craig answered as far as I am concerned if it is we will come back to you.

Alderman Porter asked but that would be too late if we just go ahead and buy it wouldn't it.

Atty. Craig stated we wouldn't buy it if that is the condition or if that is the fact. In other words if that easement does not go with the deal that we proposed then we are not going to recommend that it be purchased.

Alderman Porter asked is that in the letter.

Atty. Craig answered no that was in the conversation I had with them.

Alderman Porter asked verbally.

Atty. Craig answered yes.

Mr. Clougherty stated that isn't in the letter and for that reason we would have to come back to the Board.

Alderman Porter stated these are a number of questions that I do have and I am still...

Atty. Craig interjected I don't know how to express this adequately but there were concerns that too much information got out and that is true but on the other hand there was nothing we could do to prevent it unfortunately. On the other hand there are certain details that I have yet to see. I know the basics. If the details are not satisfactory to me and the City Solicitor it will go to the Board and I have a strong feeling that those details will hit the paper only after the Board are made aware. It will come to me and then to Tom and it will stay there before it gets to the Board.

Mr. MacKenzie stated I just want to clarify and I want to make perfectly clear with Alderman Porter that there are air rights potential across there although they may be of limited usefulness for future development. There are private rights of passage across the railroad tracks but there are no public rights of access across the tracks and I don't expect that there will be. I just wanted to be clear about that.

Alderman DeVries stated I don't know who best to address this to but I would like to talk about the other riverfront property and part of the hazardous materials mitigation that occurred down there. Did any of that result from the railroad contamination?

Atty. Craig responded I didn't think I was going to be the one to have to answer that but based on what little I have heard about what is there, it came from the Millyard work and if that is so it did not come from the railroad. I am not sure of the details as to what they found when they recently went in there to determine the environmental situation.

Mr. MacKenzie stated I would add that there are five or six different pollutants in that area and the only one I know of that might be related to the railroad was on the Rubenstein property where there are PCB's at an old dry cleaning discharge from the rail line and I think that was related to the railroad.

Alderman DeVries asked is the railroad paying for that clean up.

Mr. MacKenzie answered the former owners went into a plan with NH DES and I don't know to what extent...this is when it was Rubenstein property before Blouin and before the City. I don't know to what extent the railroad was involved in that.

Alderman DeVries asked should something occur or something be found on this property that was from past contamination of some company related to the railroad how will that be paid for. That is probably the one uncertainty we have for environmental issues. Who would be liable?

Atty. Craig asked are you talking about the Jac Pac property.

Alderman DeVries answered yes.

Atty. Craig stated whoever is in the chain of title legally is responsible. The federal government makes a practice as I understand it of not going too far back. That is the reason that the title will be taken not in the City and actually not in the Manchester Housing & Redevelopment Authority. It will be separate corporations controlled by the Authority and that corporation will only own that as an asset and nothing else.

Alderman DeVries responded can you go through that once again because what I am looking for is not the liability when we resell it should somebody come back on us but the reimbursement from the third party.

Atty. Craig stated if Tyson sells it and it is owned by the Housing Authority controlled corporation, the corporation will be the one actually signing the deed to the new owner.

Alderman DeVries asked the Manchester Housing Authority or the corporation that they form will be on the hook for any mitigation for environmental issues that are found. They would not be able to go back on either the railroad or Jac Pac or others at that point in time?

Atty. Craig answered yes they could. If the railroad caused it in the chain of title or if Jac Pac caused it in the chain of title yes they could.

Alderman DeVries stated I realize that we haven't even started our consent agenda here tonight but I have some more questions. Mr. Clougherty, take us back to how you cover next year's budget should we need additional revenues to offset...if Governor Benson is reelected he already indicated that he is going to level fund education to what we got this year so there is an anticipation that we could be down \$4.5 million again next year. You covered it. Could you cover it again more slowly for us? How do you plan to make that up next year?

Mr. Clougherty responded first of all what we have to do is make sure that we understand what the magnitude of the problem is. As we said when you were developing the budget you have to...there are a number of things as you know that go into the determination of a tax rate and the determination of a budget. Valuation. When the current year's budget was developed we did your best estimate on valuation but as you know as you get closer to November and you have your figures you hopefully get a little bit better indication of what that is. Given the current economy we would expect maybe to get something beneficial there. Another big factor is your county tax. What percentage are you going to include there? We have to wait and see what that is. That might not be as bad as we think it is. Your fund balance is something that you want to take a look at. This year's general fund balance is performing well. We think that is going to be at least as well as what we had forecasted when you developed your budget and maybe that comes in better. You are also going to have the additional surplus funds that have been generated by the School District that weren't included in the budget consideration. You are already taking what is a prudent step in terms of some cost containment with departments on the City side right now because of the way the budget was adopted and departments are going forward on that. You will have the additional dollars that we said would be put into the one time revenue account from the sale of Wellington and from the sale of the riverfront property. You also have some dollars that are coming to the City from the Town of Bedford as a result of our agreement there. Originally it was planned to be spread over 10 years and maybe you use it over 6 years and have the valuation horizon come in faster than originally anticipated. Once you

get your revaluation done then you know where you are. The answer is not going to be one simple windfall or one simple reserve. It is going to be a combination of things that are necessary going forward. In future year budgets one of the things you may have to look at is the appropriation process and the amount that you are appropriating for school projects.

Alderman DeVries stated certainly there are a few of the things that you mentioned there that are as speculative as...anybody trying to tell us what this potential deal could be. Bedford. You mentioned the additional dollars. Have you heard that that is going to happen?

Mr. Clougherty responded that is a contract. That is your agreement with the Town of Bedford. Originally those dollars were going to be used to apply over 10 years and maybe those dollars have to be reallocated on a shorter horizon.

Alderman DeVries asked have you had conversations with School administration. I will go there on a separate conversation because I don't think that has been firmed up.

Mr. Clougherty responded what I said to you, Alderman, is you have a number of options that are available to you.

Alderman DeVries stated certainly the \$2.6 million that will be coming in from the other two properties I think certain Aldermen on this Board hope that they can utilize that this year so that the taxpayer does not feel the lump from the \$4.5 million less that they sent us from the state. So next year we could be looking at zero in that fund. There won't be a shortfall in revenue so we can't use the rainy day fund.

Mr. Clougherty replied again I would say to you that you don't know what the situation is. For us to sit here and say this may happen or this may happen...you have to take the position are we in a situation of desperation where if you have a \$4 million impact from the state that you have absolutely no recourse than to raise taxes. That is clearly not the case. You have over a series of years made some difficult decisions to get yourself into a financial condition where you can deal with things like that. The answer is going to be determined when we know what the dollar amount is we are dealing with. I think there are some things that are going away that may not make it \$4 million. Maybe it will be less than that and then you take a look at all of the different things that are available to you at that time and you make a prudent decision on what to do going forward. There are a lot of things that have to be played out here in terms of the court case and in terms of the City's request for injunctions that may forego having to do that in which case you could do that in the next fiscal year. There are a lot of variables. The bottom line is you are in a position to deal with it. You are not going to be...knowing the budget was adopted there was a question that was raised by Alderman Shea, can we get down to the expected tax rate that the Board had if we have to? I still maintain that you will be able to do that. How that is accomplished and what the best way to do that is we have to wait until we get some more of these variables sorted out in



terms of valuation and the court case and other things but I do think you will be in a position to get where you want to be.

Alderman DeVries stated certainly I understand the vision of what you are after with this property. Without a doubt it falls right in line with everything that we have been trying to do for redevelopment downtown and through the City of Manchester. It has the potential to be a wonderful project for the future for the City of Manchester. That is not my issue. I just feel as others have expressed that we haven't had enough time yet to really do the kind of detail and fact finding background to be comfortable to really go forward and answer the questions that we are going to get from constituents. We don't have the education on this yet to be giving our votes and I know you are not calling for that tonight but 24 hours from now you might be. Hopefully somebody can come up with a scenario that is a little bit more open ended than that because I don't think we are going to get there in one day.

Mr. Clougherty stated as I mentioned earlier the timeframe that we are operating under is not something that is preferable to us. We are trying to bring the proposal to the Board and explain it given the best available information that we have and to provide you with the best reading that we have given all of these other variables with the budget.

Alderman O'Neil stated we have been on this issue for a long time tonight. Are we or are we not going to take a vote tonight? If we are not, when will we most likely take a vote? When do we need to take a vote in order to meet the timeline in the discussions that Atty. Craig has had with Tyson? I think we need to move on.

Mayor Baines asked Bill could you give us some kind of a timeframe that you would need for us to make a decision to do some of the things that have been discussed tonight in terms of the Board's concerns and the agreements and all of those things that we would have to get some direction from the Board on.

Atty. Craig answered as I understand it the deadline is August 31 and I need direction from the Board for authorization to do the purchase and sales agreement containing the elements that we discussed with you tonight and obviously need it before August 31. It would be nice to have it as soon as possible whether that is this week, tomorrow or whatnot I can't say.

Mayor Baines asked so if we authorized you to proceed you could begin that work and then we could go through the other issues that we need to deal with with the ordinance and the actual appropriation and that sort of thing. Is that what you are saying?

Atty. Craig answered as long as the contract is signed by the end of the month.

Mayor Baines replied I am just saying logistically if we gave you the authorization to proceed to develop a purchase and sales agreement that would give the Board...would that

allow the Board or would that be an appropriate procedure to deal with the other issues going forward, Tom.

Solicitor Clark stated to have Atty. Craig come in with a purchase and sales prior to the next vote would take some work and I would be willing to help him with it.

Alderman O'Neil stated I guess it is late. I missed what we need to do then. Can we take a vote tonight to give direction without finalizing anything? Is that what I am hearing?

Mayor Baines responded that is basically what I was asking the City Solicitor.

Solicitor Clark stated as I understand it Tyson needs an executed purchase and sales agreement by August 31. If the Board is asking Atty. Craig to prepare a purchase and sales agreement prior to their taking a vote, that is allowable as long as it is done prior to that so that Tyson can see it.

Alderman O'Neil asked so in order to accomplish that if we gave positive direction tonight to move forward a purchase and sale would be brought back to the Board at some point under a special meeting because I don't think we have another regular one scheduled and that would only take a vote up or down that night. It doesn't have to layover or anything like that correct?

Solicitor Clark answered that is correct.

Alderman O'Neil asked and the other issues could be addressed through the balance of the month of August or even into September. Am I correct on that?

Mayor Baines answered no we would need to deal with the ordinance issue because that ordinance issue becomes pertinent on this issue and also the issue that has been surfaced by Aldermen Lopez and DeVries that we would need to amend the ordinance to deal with the issue that you have been talking about with the tax rate. So that issue we need to deal with and then you have to vote on utilization of that fund, both of which require a majority vote. So you could authorize him tonight to again begin the execution of a purchase and sales agreement and then we could have subsequent meetings to deal with the other issues.

Alderman O'Neil moved to authorize Atty. Craig to proceed with the development of a purchase and sales agreement for the Jac Pac property. Alderman Roy duly seconded the motion.

Deputy City Clerk Johnson stated I just want to get clear for the record what the motion is.

Solicitor Clark stated I believe it is to have Atty. Craig proceed with the development of a purchase and sales agreement and bring it back to the Board for approval.

Alderman Gatsas asked is somebody going to do some due diligence because as a youth growing up that used to be a slaughterhouse. I know that for a fact because my grandfather used to take cows and pigs down there and on the way down there used to be a salvage yard and a dump. Can somebody do some history on what was there beforehand so that we don't get caught in a Catch-22?

Mayor Baines answered that is part of the process.

Atty. Craig stated there will be time allowed in the purchase and sales agreement to do the due diligence. I don't know if that satisfies you but it certainly satisfies me as a lawyer.

Alderman Gatsas stated I am looking and I go back to what Alderman Lopez was talking about that it takes a 2/3 vote to move any funds from that account. I am hearing from the City Solicitor that it is only a majority vote. However, if you take a look at every other special account, revenue stabilization reserve account, every account that we have here the wording is identical to what is in this ordinance. It takes a 2/3 vote in every one of those stabilization reserve accounts. The wording is very specific in every one, "no available balance in the tax rate stabilization account shall be utilized for any other purpose than those authorized herein without specific approval of 2/3 of the Aldermen elected." So every account to move money has the same wording.

Mayor Baines replied but you are missing a point that he clarified and that is for the intended purpose. Am I correct on that?

Solicitor Clark stated he is correct that they all say that and it says that if it is not for the purpose as the ordinance already lists then it takes a 2/3 vote. If you use it within the ordinance under the purposes listed it takes a majority vote. That is the way it is written.

Alderman Lopez asked if we are authorizing him to go forward are we authorizing all of the actions.

Solicitor Clark answered you are just authorizing him to proceed.

Alderman Lopez asked if we are authorizing him to proceed it is kind of useless...

Solicitor Clark interjected as I understand it the authorization is for him to proceed with the development of a purchase and sale and bring it back to this Board.

Atty. Craig stated I surely can't sign the purchase and sales.

Mayor Baines stated it would have to come back to the Board.

Solicitor Clark stated the Board is not authorizing any execution of the purchase and sales agreement.

Alderman Lopez asked and there is no timeframe beyond...

Mayor Baines interjected we have to finalize whatever we do before the end of August so we will have the number of meetings that we need to make a final decision either up or down.

Alderman Lopez stated my point is that there is no opportunity for us to have a special consultant come in and look at that area and work for the Board of Mayor and Aldermen.

Mr. Clougherty asked on the environmental issues.

Alderman Lopez answered on marketing and everything. Get a 90-day extension and let's hire a specialist in this area to get back to the Board of Mayor and Aldermen.

Mayor Baines stated we do have a Planning Director who is a specialist in this area.

Mr. Clougherty stated again Alderman there is the time constraint that has been proposed by the company. Certainly as part of the development of the purchase and sale agreement Atty. Craig can go back and talk to them to see if there is a willingness to extend that. If not, then we really are up against the deadline. If you adopt...if he comes back with a purchase and sales that will lay out a couple of things. One, it will lay out the process for environmental and you will not close or spend the money or actually purchase the land until those activities are done to our satisfaction. The purchase and sales doesn't result in the transfer of funds between the parties. It allows for the time for due diligence to occur on those environmental issues. As far as the strategic planning, certainly the Board can deal with the MDC and ask them to accelerate those and begin them at any time.

On motion of Alderman O'Neil, duly seconded by Alderman Shea it was voted to move the question. Alderman O'Neil requested a roll call vote on the motion to authorize Atty. Craig to proceed with the development of a purchase and sales agreement for the Jac Pac property and to bring it back to the Board for approval. Aldermen O'Neil, Shea, Garrity, Thibault, Forest, Roy, Guinta, and Sysyn voted yea. Aldermen Lopez, DeVries, Gatsas, Osborne, and Porter voted nay. The motion carried.

Mayor Baines stated first of all I want to thank Alderman Gatsas for apologizing. I stand by the process that we used to do this. There is no comparison to the other point that Alderman Gatsas made. I respect the fact that he said it but I don't respect the way he said it.

Mayor Baines called for a recess.

Mayor Baines called the meeting back to order.

### **CONSENT AGENDA**

Mayor Baines advised if you desire to remove any of the following items from the Consent Agenda, please so indicate. If none of the items are to be removed, one motion only will be taken at the conclusion of the presentation.

### **Approve under supervision of the Department of Highways**

- A.** PSNH Pole Petition #11-1005 located on So. Jewett Street;  
PSNH Pole Petition #11-1014 located on So. Porter Street;  
PSNH Pole Petition #11-1016 located on Brown Avenue; and  
Verizon Pole Petition #9AAR07 located on So. Main Street.

### **Informational – to be Received and Filed**

- B.** Communication from the Finance Officer submitting information regarding the City's auditors plan and overall approach for the City's June 30, 2004 audit.
- C.** Minutes of the Mayor's Utility Coordinating Committee meeting held on July 21, 2004.
- D.** Minutes of MTA Commission meeting held on June 29, 2004 and the Financial and Ridership Reports for the month of June 2004.
- E.** Communication from the Teen Arts Center Advisory Group and the Office of Youth Services expressing their gratitude to the Board for its donation toward the Teen Art Auction held on June 8, 2004.
- F.** Communication from the NH Department of Environmental Services advising of the issuance of a state permit to operate (FP-S-0240) to the City of Manchester Wastewater Treatment Facility.
- G.** Communications from the NH Department of Environmental Services advising of a public hearing to be held on August 12, 2004 relative to a draft State Water Pollution Control Grant Program Project Priority List for fiscal years 2005 and 2006; a draft State Revolving Fund Project Priority List for fiscal years 2005 and a draft FY2005 Intended Use Plan.
- H.** Copy of a communication from the US Department of the Interior providing comments to the Federal Energy Regulatory Commission's Scoping Document 1 for the Merrimack River Project by PSNH.
- J.** Copy of a communication from Comcast advising of a PEG Access payment in the amount of \$22,235.87 inadvertently omitted from January through December of 2003.
- K.** Communication from the Theo Family wishing to extend their appreciation to the Board for its renaming of Manhattan Lane to Harry Theo Lane.

## **REFERRALS TO COMMITTEES**

### **COMMITTEE ON FINANCE**

**L.** Resolution:

“Amending the FY2003 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Hundred Thousand Dollars (\$100,000) for FY2003 CIP 610403 Downtown Municipal Infrastructure Project.”

## **REPORTS OF COMMITTEES**

### **COMMITTEE ON ACCOUNTS, ENROLLMENT AND REVENUE ADMINISTRATION**

- M.** Recommending that the 4<sup>th</sup> quarter FY2004 write-off list for the accounts receivable module be approved.
- N.** Advising that it has accepted the City’s Monthly Financial Statements for the twelve months ended June 30, 2004 for FY2004 submitted by the Finance Department, and is forwarding same to the Board for informational purposes.
- O.** Advising that it has accepted the audit status update report submitted by the Finance Department, and is forwarding same to the Board for informational purposes.
- P.** Advising that it has accepted the following Finance Department reports:
- a) department legend;
  - b) open invoice report over 90 days by fund;
  - c) open invoice report all invoices for interdepartmental billings only;
  - d) open invoice report all invoices due from the School Dept. only;
  - e) listing of invoices submitted to City Solicitor for legal determination; and
  - f) accounts receivable summary.
- and is forwarding same to the Board for informational purposes.
- Q.** Advising that it has accepted a report from the Committee on Community Improvement recommending that a policy for Fleet Management/Motorized Equipment be approved, with the recommendation that it be adopted.

### **COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS**

- R.** Recommending that the Information Systems Director be authorized to execute an agreement with the City of Rochester, NH allowing for the acquisition and use of software developed by the city of Manchester, NH for Dog Licensing, as enclosed herein.

### **COMMITTEE ON COMMUNITY IMPROVEMENT**

- U.** Recommending that a request for a sewer abatement for property located at 135 Cedar Street be granted and approved in the amount of \$261.95, as recommended by the Environmental Protection Division.
- V.** Recommending that a request for a sewer abatement for property located at 99 Middle Street not be granted. The Committee notes that the Environmental Protection Division does not recommend abatement because the water entered the sewer system through a floor drain.
- W.** Advising that it has approved the recommendations for the FY2005 Motorized Equipment Replacement money, as attached, be approved.
- X.** Advising that they have approved a request from the Highway Department for a new license plate for a sewer jet trailer.

### **COMMITTEE ON LANDS AND BUILDINGS**

- AA.** Recommending that the Board of Mayor and Aldermen find property located at 398 Hanover Street surplus to City needs and further that:

In accordance with RSA 80:80 the Mayor be authorized to dispose of certain property situated on Hanover Street known as Map 289, Lot 15 by executing deeds releasing all rights, title interest, or claims in said property. Said property formerly owned by Gerald Parker, Trustee, was acquired by the City of Manchester by virtue of Tax Collector's deed dated April 17, 1996 and recorded in Hillsborough County Registry of Deeds on April 23, 1996, in Volume 5711, Page 0078.

The Committee advises that it finds just cause to dispose of such land through sale to an abutter because it has minimal road frontage of 35 feet, considered residual/unbuildable, and serves no practical public purpose. The Committee requested letters of interest/bids from all abutters.

The Committee recommends that said property be offered for sale to the only abutters who responded to the bidding, John H. Gadd and Rose Halen of Manchester, at a price of \$6,170.00, which was the bid received. Such price of \$6,170.00 has been deemed a reasonable value by the Board of Assessors.

The Committee further recommends that the Tax Collector and City Solicitor be authorized to proceed with disposition and prepare such documents as may be required, and that the Finance Officer be authorized to credit tax deed accounts as deemed necessary. To accommodate such disposition, a draft ordinance has been submitted for referral to the Committee on Bills on Second Reading.

- AB.** Recommending that the Board of Mayor and Aldermen find property located on Michigan Avenue surplus to City needs and further that:

In accordance with RSA 80:80 the Mayor be authorized to dispose of certain property situated on Michigan Avenue known as Map 0246, Lots 0001 by executing deeds releasing all rights, title interest, or claims in said property. Said property formerly owned by Outlook Co., was acquired by the City of Manchester by virtue of Tax Collector's deed dated September 8, 1995 and recorded in Hillsborough County Registry of Deeds on September 8, 1995, in Volume 5655, Page 0403.

The Committee advises that it finds just cause to dispose of such land through sale to an abutter because it is landlocked, is considered residual/unbuildable, and serves no practical public purpose. The Committee requested letters of interest/bids from all abutters.

The Committee recommends that said property be offered for sale to the only abutters who responded to the bidding, Matthew and Elizabeth Pinkos of 288 Beaver Street, at a price of \$3,000.00, which was the bid received. Such price of \$3,000.00 has been deemed a reasonable value by the Board of Assessors.

The Committee further recommends that the Tax Collector and City Solicitor be authorized to proceed with disposition and prepare such documents as may be required, and that the Finance Officer be authorized to credit tax deed accounts as deemed necessary. To accommodate such disposition, a draft ordinance has been submitted for referral to the Committee on Bills on Second Reading.

- AC.** Recommending that the Board of Mayor and Aldermen find property located off Old Wellington Road and Bridge Street Extension surplus to City needs and further that:

The Mayor be authorized to dispose of certain unnamed property situated off Old Wellington Road and Bridge Street Extension west of Map 0605, Lots 0015 by executing deeds releasing all rights, title interest, or claims in said property. Said property acquired by the City of Manchester from the State of New Hampshire via Quitclaim Deed in 1982.

The Committee advises that it finds just cause to dispose of such land through sale to the only direct abutter having access to the property since it has limited access right-of-way pursuant to agreements with the State of New Hampshire Department of Transportation. Therefore, the property would not be constituted a buildable lot or serve any public purpose.

The Committee recommends that said property be offered for sale to the only direct abutter, Lloyd Chipman of 166 Old Wellington Road, at a price of \$500.00. Such price of \$500.00 has been deemed a reasonable value by the Board of Assessors.

The Committee further recommends that the Tax Collector and City Solicitor be authorized to proceed with disposition and prepare such documents as may be required. Such sale shall be contingent upon notification to the State of New Hampshire, Department of Transportation for their concurrence on the adjustment of the limited access right-of-way for Interstate 93, to be overseen by the office of the City Solicitor.

- AD.** Recommending that in accordance with RSA 80:42 and/or 80:80 the Mayor be authorized to dispose of certain properties executing deeds relating all rights, title interest or claims in said property as follows:

- I. Property situated at Page Street known as Map 0246, Lots 0003, 0006 and 0007  
Said property formerly owned by Outlook Co. c/o Samuel C. Tarrant was acquired by the City of Manchester by virtue of Tax Collector's deed dated April 28, 1972 and recorded in the Hillsborough County Registry of Deeds on April 28, 1972, Volume 2208, Page 0273.
- II. Property situated at Michigan Avenue  
Said property formerly owned by Outlook Co. c/o Samuel C. Tarrant was acquired by the City of Manchester by virtue of Tax Collector's deed dated February 27, 1973 and recorded in the Hillsborough County Registry of Deeds on March 1, 1973, Volume 2208, Page 0313.



- III. Property situated at Michigan Avenue  
Said property formerly owned by William H. Wheeler was acquired by the City of Manchester by virtue of Tax Collector's deed dated July 12, 1917 and recorded in the Hillsborough County Registry of Deeds on October 11, 1917, Volume 0756, Page 0138.

The Committee recommends that said properties be disposed of through public auction with a minimum bid to be set at \$10,000. The Board of Assessors has provided an opinion of value in the range of \$5,000 to \$10,000.

The Committee further recommends that the Tax Collector and City Solicitor be authorized to proceed with disposition and prepare such documents as may be required, and that the Finance Officer be authorized to credit tax deeded accounts as deemed necessary.

**HAVING READ THE CONSENT AGENDA, ON MOTION OF ALDERMAN O'NEIL, DULY SECONDED BY ALDERMAN ROY, IT WAS VOTED THAT THE CONSENT AGENDA BE APPROVED.**

- Z. A report of the Committee on Human Resources/Insurance advising that it has approved Ordinance:  
"Amending Section 33.025 (Assistant to the Assessors) of the Code of Ordinances of the City of Manchester."  
providing for change in salary grade, and is recommending same be referred to the Committee on Bills on Second Reading for technical review.

Deputy Clerk Johnson stated this should not have appeared on the agenda at all. It was taken up at the last meeting. The item was so disposed.

- I. Communication from Lloyd Basinow relative to his opinion that the fluoridation referendum question requires that a public hearing be held.

Alderman Guinta stated I noticed the Solicitor's notation that this fluoridation issue is not required to hold a public hearing but Lloyd Basinow is here and talked to me during the break and said that per RSA it is required. I just wanted to pull this off in deference to him for a final opinion.

Solicitor Clark stated the City Clerk's Office referred Mr. Basinow's letter. Last week it was researched. It is clear from the statutes that the municipalities already providing fluoride prior to June 2004 have a different process and are not subject to a required public hearing.

Alderman Guinta asked didn't SB449 pass after that.

Solicitor Clark answered no that date is in that Senate Bill.

Alderman Lopez moved to receive and file. Alderman Sysyn duly seconded the motion. Mayor Baines called for a vote. The motion carried with Alderman Guinta being duly recorded in opposition.

- S.** Report of the Committee on Administration/Information Systems recommending that language for a proposed charter amendment relating to primary elections be submitted to the Board.

Alderman Forest stated I am not sure whether this should go to Bills on Second Reading or the Administration Committee but I would like to make a motion that it go back to one of them to get a clarification.

On motion of Alderman Lopez, duly seconded by Alderman Forest it was voted to refer this item to the Committee on Administration and Information Systems.

- T.** Report of the Committee on Administration/Information Systems recommending that language for a proposed charter amendment relating to the internal auditor be submitted to the Board by the City Solicitor's Office.

Deputy Clerk Johnson stated the Clerk requested that this item be pulled because we wanted to note that we did submit the language that was provided by the City Solicitor's Office. The Board has that in front of them and if they are interested in placing a question on the ballot they would need to refer it to public hearing and we would suggest a date of August 31 at 7 PM.

On motion of Alderman Lopez, duly seconded by Alderman DeVries it was voted to refer this item to the Committee on Administration and to a public hearing to be scheduled for Tuesday, August 31 at 7 PM in the Aldermanic Chambers.

- Y.** Report of the Committee on Human Resources/Insurance advising that it has approved Ordinance:  
"Amending Sections 33.024, 33.025, & 33.026 (City Coordinator) of the Code of Ordinances of the City of Manchester."  
providing for a new position at a labor grade 28, non-exempt, and is recommending same be referred to the Committee on Bills on Second Reading for technical review.

Alderman Garrity stated I was opposed in Committee and would just like to be recorded as such at the full Board level.

Deputy City Clerk Johnson stated before you go any further we also need to have an amendment to that report because it is reflecting non-exempt and it should say exempt. There was an error made. The ordinance is actually correct that is attached.

On motion of Alderman Roy, duly seconded by Alderman Porter it was voted to amend the report to reflect an exempt status.

Alderman Shea moved to accept the report of the Committee on Human Resources/Insurance as amended. Alderman O'Neil duly seconded the motion. Mayor Baines called for a vote. The motion carried with Alderman Garrity being duly recorded in opposition.

Communication from Southern NH Planning Commission advising that the term of Alderman Henry R. Thibault, as one of Manchester's representatives to the Commission expired on June 30, 2004.

On motion of Alderman Forest, duly seconded by Alderman Garrity it was voted to reappoint Henry R. Thibault as a representative to the Southern NH Planning Commission, term to expire June 30, 2008.

On motion of Alderman Garrity, duly seconded by Alderman Porter it was voted to recess the regular meeting to allow the Committee on Finance to meet.

Mayor Baines called the meeting back to order.

### **OTHER BUSINESS**

A report of the Committee on Finance was presented respectfully recommending after due and careful consideration, that a Resolution:

“Amending the FY2003 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Hundred Thousand Dollars (\$100,000) for FY2003 CIP 610403 Downtown Municipal Infrastructure Project.”

ought to pass and be enrolled.

On motion of Alderman Shea, duly seconded by Alderman Sysyn it was voted to accept the report of the Committee on Finance.

Request of the City Clerk that a public hearing be scheduled for Tuesday, September 7, 2004 at 5:00 PM in the Aldermanic Chambers for the purpose of hearing those wishing to comment on the proposed Charter amendment relative to the School District becoming a department of the City.

Deputy City Clerk Johnson stated this item is to schedule a public hearing and we have a date change to August 31 at 7 PM.

Mayor Baines asked what night of the week is that.

Deputy City Clerk Johnson answered it is a Tuesday night and your calendar has been checked. It is after a road hearing actually.

On motion of Alderman Garrity, duly seconded by Alderman Guinta it was voted to schedule a public hearing for Tuesday, August 31 at 7 PM in the Aldermanic Chambers for the purpose of hearing those wishing to comment on the proposed Charter amendment relative to the School District becoming a department of the City.

Communication from the Deputy City Clerk submitting, on behalf of Chief Jaskolka, a return of the Warrant for Non-Renewal of Dog License pursuant to RSA 466:16.

On motion of Alderman Guinta, duly seconded by Alderman Porter it was voted to accept the warrant for non-renewal of dog licenses.

Communication from Attorney Richard Fradette requesting the Board issue a building permit for 180 and 192 Watts Street.

Deputy City Clerk Johnson stated this item should be referred to the Planning Board for review and comment pursuant to RSA 674:41.

On motion of Alderman Garrity, duly seconded by Alderman Shea it was voted to refer this item to the Planning Board pursuant to RSA 674:41.

#### Bond Resolutions:

“Authorizing, Bonds, Notes or Lease Purchases in the amount of One Million Six Hundred Thousand Dollars (\$1,600,000) for the 2005 CIP 411305, South Main Street Fire Station Rehabilitation Project.”

“Authorizing, Bonds, Notes or Lease Purchases in the amount of Two Million Four Hundred and Ten Thousand Dollars (\$2,410,000) for the 2005 CIP 510005, Park Facilities Improvement Program.”

“Authorizing, Bonds, Notes or Lease Purchases in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) for the 2005 CIP 710005, Major Fleet Upgrades Project.”

“Authorizing, Bonds, Notes or Lease Purchases in the amount of One Million Seven Hundred and Ten Thousand Dollars (\$1,710,000) For the 2005 CIP 710205, Public Works Infrastructure Project.”

“Authorizing, Bonds, Notes or Lease Purchases in the amount of Two Hundred Eighty Thousand Dollars (\$280,000) for the 2005 CIP 710905, Parking & Traffic Improvements Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of Six Million Eighty Thousand Dollars (\$6,080,000) for the 2005 CIP 711105, CSO-Phase 1 (Bremer Street) Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of One Million Dollars (\$1,000,000) for the 2005 CIP 711205, Replace Sludge Dewatering Equipment Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of One Million Dollars (\$1,000,000) for the 2005 CIP 711405, WSPS – Roof/HVAC/Piping Project.”

“Authorizing, Bonds, Notes or Lease Purchases in the amount of Four Million Four Hundred Forty Thousand Dollars (\$4,440,000) for the 2005 CIP 811405, Building Improvements Project.”

“Authorizing, Bonds, Notes or Lease Purchases in the amount of One Million Six Hundred Ninety Thousand Dollars (\$1,690,000) for the 2005 CIP 811505, Information/Public Safety Upgrades Project.”

On motion of Alderman O'Neil, duly seconded by Alderman Sysyn it was voted to dispense with the reading by titles only.

Alderman Thibault moved that the Bond Resolutions pass and be Enrolled. Alderman O'Neil duly seconded the motion. There being none opposed the motion carried.

Bond Resolution:

“Authorizing, Bonds, Notes or Lease Purchases in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) for the 2005 CIP 811305, Revaluation Update Project.”

On motion of Alderman Porter, duly seconded by Alderman Thibault it was voted to read the Bond Resolution by title only, and it was so done.

Alderman Forest moved that the Bond Resolution pass and be enrolled. Alderman Osborne duly seconded the motion.

Alderman Porter stated I would like to talk about the 2006 revaluation. What I heard here this evening from the Commissioner this evening is that they would not object even if they went to the BTLA they would simply say that as far as the DRA is concerned if we have something in place for 2006 then that would go for that year and they would not object to it if they did go to the BTLA and even if they did I think it was quite clear that it would be a matter that they felt they had to then to try to force us into doing something earlier and that they would not recommend doing it earlier to the BTLA.

Alderman Guinta stated that is based on a timeline but there are other issues like the COD and the lack of equalization of values and other potential issues that I thought he clearly identified.

Alderman Roy stated I have long stood that if we are going to do a revaluation we need to have the fairest system of taxation possible. I believe my predecessor, through his comments, when accepting the last revaluation did not approve of it and did not think it was done properly. I don't want to quote Alderman Wihby but he had a very hard time voting to accept those values when they were done. I also feel that Ward 1 was unfairly over assessed and I feel that the past assessment unfairly targets the areas that increased in value sooner than others. I will stand on that and I feel that we are doing the taxpayers of this City a great disservice by having such lopsided numbers between not only the different stratas but throughout the state. I stand on that and I will vote for having a revaluation to create fairness for the taxpayer as soon as physically possible.

Alderman Osborne asked wouldn't it cost the City another \$1.7 million if we wait until 2006 to do this on a full revaluation.

Mayor Baines answered that could happen as Chairman Tellier has said but again I will go back and let the City Solicitor speak for himself. He told me when I first asked him to advise me on this issue that we would be rolling the dice and any number of things could happen including the Board of Tax and Land Appeals ordering us to do a full blown revaluation. By the way, individual citizens can petition the Board of Tax and Land Appeals. You could have a group of citizens in Ward 1 petition to go to the Board of Tax and Land Appeals and they could order an revaluation. That is the way it has been explained to me.

Alderman DeVries stated I just wanted to comment to Alderman Guinta. You said that there were other strata and the COD that concerned them. That was referencing the strata for vacant lands in the City of Manchester. That is the one strata since we have so little vacant land, that is easily rectified in house and I think Alderman Porter would probably attest that that could be accomplished by our current staff in house if we direct them to do so before we follow...it could be part of our plan for the 2006 year. They did clearly indicate to us...the gentlemen from DRA and the Commissioner that that was the only strata that was jumping out at them as being so severely out of line. I think it was 65%.

Alderman Lopez asked would it be permissible to have Mr. Tellier come up.

Mayor Baines asked Mr. Tellier and Mr. Nichols to come forward.

Alderman Lopez stated if I heard correctly tonight and I posed the question to the Commissioner that if we had a complete plan that was presented that they would look favorably upon it. Understanding what I am saying, I understand your position and the way you want to go but if this does not pass you will not have the necessary funds to go where you want to go so having the \$500,000 and putting the plan together for the DRA in the timeframe that they are talking about because I believe they are going to be inspecting in December but could that possibly be done.

Mr. Steve Tellier, Chairman, Assessors stated yes. For everyone's recognition an acceptable plan and I will reiterate what the Commissioner stated was that the appropriate funding is appropriated and a signed contract is in place – something that is enforceable. He also reiterated what he said in his letters that he would likely petition the Board of Tax and Land Appeals regarding oversight for enforcement provisions.

Alderman Lopez asked so if you came back with a plan the only component you would be missing is the \$250,000, which we could give to you for presenting a plan in 2006 correct.

Mr. Tellier answered that is an assumption.

Alderman Lopez stated it is an assumption but I am saying in understanding what the Commissioner said and in looking at 2006 and how do you get to 2006 you can make a plan and present it and once the plan is presented you still have the \$250,000. I think the Board of Mayor and Aldermen would still give you the \$250,000. I think what the problem is is if we gave it to you now you are still going to go ahead with your plan.

Mr. Tellier replied let me state on behalf of my colleagues that one thing we are not going to do is go against the wishes of half of this Board. I have a long time to serve yet and we have gotten a lot and garnered much better faith by gaining consensus on a majority of this Board. We are not going to run rickshaw and go contrary to the will of the half of the Board. That is the whole process of education and getting consensus with this Board. Now the DRA Commissioner has gone on record to say that he would allow the flexibility of going as far as 2006. He also reiterated our recommendation that the best time to do it is 2005. Alderman Porter did bring up something. There was a vacancy on the Board of Assessors for over 10 months after his retirement and I did take ill for quite some time. We are at full staffing now and operating well. Our best recommendation to this Board is to do it in 2005 but we don't want another Senior Center issue here. We don't want to polarize half the Board. We are looking for some consensus and some direction here. We want to keep control of our future by Manchester and not by the Board of Tax and Land Appeals, which will add a premium to anything that they do.

Mayor Baines stated the fact of the matter is that Alderman Roy could get a petition from 50 residents in Ward 1 and go to the Board of Tax and Land Appeals to argue some of the issues that have been put forth in meetings with people coming down from the state and talking about how Manchester's valuations are out of whack with the rest of the state. We haven't followed the guidelines that have been issued by the DRA and other state agencies. They could order the revaluation. Is that correct?

Mr. Tellier responded yes that is correct.

Mayor Baines stated that is what the Commissioner said tonight as well. He said he would be okay with it but they would have to go to the Board of Tax and Land Appeal to present this to them and they may act or they may not act.

Mr. Tellier responded they do have that authority.

Mayor Baines asked so we are rolling the dice here.

Mr. Tellier answered that is correct.

Mayor Baines stated if you want to roll the dice, roll the dice. We have discussed this enough.

Alderman Lopez stated I would approve the \$250,000 based on the principle that you are going to create a plan for 2006. That is the only way I am going to vote on it.

Mr. Tellier responded our board is looking for some direction from this Board.

Mayor Baines stated I know we have asked you to look at some other issues with money that we will discuss later on.

Mr. Clougherty stated in June 2003 as part of the budget process the recommendation was that the Board move forward with the revaluation and honor the timetables at that time. The Board approved \$500,000 and we issued those bonds, I think in September. We have \$500,000 in bonds outstanding for this purpose. You have three years to use it. If you don't use it within the time from which you appropriated then you start to run into problems with arbitrage and the Board is familiar with that. So your issue would be with the timing of how fast you can get this done and spend the money in accordance with those dollars. You may have to move dollars between projects as we have done before in order to get that accomplished but you should be aware that those dollars were appropriated. If you do this appropriation tonight it seems that you would be able to accomplish it within the three-year timeframe of 2006.

Alderman Garrity asked if we fund the \$250,000 in the next fiscal year, 2006, can we still put a plan together or do you need it in this fiscal year.

Mr. Tellier answered we did that for the 2001 revaluation where three parts of the funding were over three years.

Alderman Garrity asked so you can get a plan together for the DRA if we fund it in the next fiscal year.



Mr. Tellier answered yes.

Alderman Garrity moved to receive and file.

Alderman O'Neil stated some four and a half hours ago I think I heard some consensus between...although the Assessors didn't come up but between the direction the Assessors are recommending going in and DRA. Maybe a little less aggressive timetable than what the Assessors had recommended but I thought the DRA was confirming the process and a specific question was asked about if it was 2001 when the last revaluation was done then by 2006 we are still within the letter of the law. A month ago or six months ago somebody could have petitioned the Board of Tax and Land Appeals correct? That has always been out there. I thought I heard some consensus from DRA and it still would move along with what the Assessors were recommending, just a little less aggressive timetable. That is what I thought I heard earlier this evening. With that, I don't know what the appropriation motion is.

Mayor Baines stated the way I understand it...my understanding is if they vote on this tonight the Assessors could proceed with the revaluation on their time schedule. That is my understanding.

Mr. Clougherty stated certainly if the Board were to just appropriate the funds then that would be the authorization to spend it and go forward but you also have the responsibility to adopt the start-up forms. That would be the mechanism by which you could control the timing of how this moves forward. If I understood the DRA Commissioner tonight, what he said was if you came up with a plan for 2006 and a plan being a contract and the funding, then he would be okay with that but he is going to take that to the Board of Tax and Land Appeals and he can't tell you exactly what they are going to rule because they may say it has to be done in 2005. That would be outside of everybody's control. If they come back to you and say you have to do it in 2005, certainly the dollars that you have then can be used on that timetable. I think if it is the intention of the Board to provide some direction to authorize the bonds but not approve expenditure of the funds through the start-up form.

Deputy City Clerk responded the start-up form has already been passed. We could bring it back. You could order that the funds not be expended.

Mr. Clougherty stated I think that is the vehicle you could follow to get this done if that is your intention.

Alderman O'Neil asked the motion by Alderman Garrity was to receive and file.

Mayor Baines answered we already had a motion on the floor. I did not accept his motion. There is already a motion on the floor.

Alderman O'Neil asked to approve.

Mayor Baines answered yes that is right.

Alderman Porter asked would this be with the understanding that it would be the April 1, 2006 tax roll.

Mayor Baines answered no that is not part of the motion.

Alderman Porter stated well I just want to make it clear.

Mayor Baines stated if you want to amend it to say that you could do so.

Alderman Porter moved to amend the motion to say that the revaluation will be implemented for tax year 2006. Alderman DeVries duly seconded the motion.

Alderman DeVries stated certainly that is the way I wish to go so I have seconded that amendment and let's go ahead and take the vote. A yes vote on this, meaning that the revaluation will be scheduled for 2006 and the contracts will be entered into for that timeframe. A yes vote...

Alderman Gatsas interjected I have a parliamentary question. Didn't you have a motion on the floor already?

Mayor Baines responded we did have a motion on the floor but you can amend that.

Alderman Gatsas stated well somebody has to accept it.

Mayor Baines responded we are going to take a vote on the amendment that this be effective in 2006.

Alderman Shea asked Steve do you feel comfortable that you can implement the plan predicated upon us funding another \$250,000 for a plan to submit for the year 2006.

Mr. Tellier answered yes for what would be called in the industry an update.

Mayor Baines called for a vote on the amendment. Alderman Gatsas requested a roll call vote. Aldermen Gatsas, Sysyn, Osborne, Forest and Roy voted nay. Aldermen Porter, O'Neil, Lopez, Shea, DeVries, Garrity, and Thibault voted yea. Alderman Guinta abstained. Alderman Thibault was absent. Mayor Baines vetoed the amendment.

Mayor Baines called for a vote on the main motion that the Bond Resolution ought to pass and be enrolled. Alderman Gatsas requested a roll call vote.

Alderman DeVries asked for clarification on the motion.

Mayor Baines stated the motion would be to authorize bonds, notes or lease purchases in the amount of \$250,000 for FY05 CIP 811305 Revaluation Update Project, which really would not put a restriction for 2006. That would be left open.

Alderman Lopez stated your last comment stated that it wouldn't put a restriction on it but by allocating the \$250,000 they can move forward to 2005. It sort of handicaps us in what we are trying to accomplish in 2006.

Alderman DeVries asked so would a no vote on this be the way that you would want to vote if you are in favor of completing the revaluation for 2006.

Mayor Baines answered in essence you would be doing that because they wouldn't be receiving the money to do it in 2005.

Alderman DeVries asked so a no vote if you are looking at a 2006 revaluation.

Mayor Baines asked don't you need 10 votes for this anyway. We will take the roll call starting with Aldermen Gatsas. Aldermen Gatsas, Sysyn, Osborne, Thibault, Forest and Roy voted yea. Aldermen Porter, O'Neil, Lopez, Shea, DeVries, and Garrity voted nay.

Alderman Smith was absent. Alderman Guinta abstained. Mayor Baines broke the tie and voted yea. The motion failed.

Alderman Porter stated I think the intent is quite clear and this isn't just a political ploy to block something. To delay with the no vote to not get the funding would simply delay the Assessors doing what they have to do. An RFP is out there already with responses due I believe on August 18 at 3 PM here in the Chambers. Now I am sure it wouldn't take much for them to revise...there are not really going to be a lot of changes between 2005 and 2006 in terms of parcel count and nature of categories of property. There may be a little bit. They could revise their bid based on perhaps...I don't think that would be a big deal and I think there is one thing you have to understand. I would also like the Assessors to send out an RFP to do a full scratch revaluation so we can make an intelligent decision as to which way we would like the assessment to proceed. This isn't to lock it into that. That way we would have the opportunity to select which of the two would be better for the City. Cost is always a concern but it is not the only concern as I have said 100 times the last expensive is not necessarily the cheapest in the long run.

Mayor Baines asked are you making a motion.

Alderman Porter moved to release the funds to do the revaluation in 2006.

Mayor Baines responded I thought you were talking about having them go out for an RFP for a scratch revaluation. Isn't that what you were asking?

Alderman Porter stated that would be...yes.

Mayor Baines asked do you want to move that.

Alderman Porter responded I would move to have the Assessors go out for an RFP for a scratch revaluation and the statistical update for 2006. Alderman DeVries duly seconded the motion.

Alderman Gatsas stated if we are going to amend the ordinance for the special revenue reserve account and we don't need 10 votes to vote for the bonding for the revaluation and all we need is a simple majority to take \$250,000 out of there because it is a one time account or expense and we can do it from there the next time we fix that special revenue ordinance.

Mayor Baines responded we could. No, you would need 10 because it is no the intended purpose. It is not a capital request. I keep getting confused about that.

Alderman Gatsas stated well it says here, "for the recurring operating expenses." Is that a recurring operating expense?

Solicitor Clark answered no.

Mayor Baines stated we have a motion on the floor to have the Assessors go out for an RFP on both a scratch and statistical revaluation. I am going to call for a vote. The motion carried with Alderman Guinta abstaining.

Alderman Roy stated at this time I heard a comment or two earlier regarding the strata and what I call the unfairness of the strata throughout the City and I got the pulse that we may have some interest in directing our Assessors as a Board of Mayor and Aldermen to find some fairness in those strata. At this time I would like to move that we direct the Assessors to start compiling data and correcting the stratas.

Mayor Baines asked Mr. Tellier to address that.

Mr. Tellier stated we are already working on that. The single most outlying strata is the vacant land. I am working with the Building Commissioner, Leon LaFreniere, as far as what

we are calling a vacant land review process. It is a rather in-depth process with relation to the 1965 zoning ordinances where contiguous vacant lots, if they were non-conforming, should have been absorbed. It is a very extensive process and we are already starting that process. So even in lieu of that we are looking at the most outlying corrections that need to be done. We are already looking into that and taking remedial steps to begin that process.

Alderman Roy asked after the vacant land what is the next most offset strata.

Mr. Tellier answered probably multi-family and that is pervasive throughout the whole City. What we would be doing in essence if we affected any kind of change in 2005 we would be really enacting an awful lot of pain to all of the wards and if that is the desire of this Board then the correct decision is to vote to allow us to go to RFP for 2005.

Alderman Roy responded as you know I agree with you on that fact and your recommendation has come across very strongly but being a ward with very little multi-family I have to ask for that.

Mr. Tellier stated that is something that the Board has talked about. We are going to have to look at how much disparity there is within other strata. The vacant land is the one we are most concerned with, new construction and cleaning up our records and getting this square. Again, the most important thing is to move ahead with some consensus by this Board.

Mayor Baines responded if we don't get moving we will be sitting here in 2005.

Mr. Tellier asked was there any...I was left unclear as far as the bonding. Is that still out there to be handled on another day?

Mayor Baines answered yes. You didn't get the extra money so you can't do anything for next year. You need to proceed to do the RFP's and then come back to the Board.

Mr. Clougherty stated I think there is an important point here that the Board has to consider in terms of process. I would like to remind you that the way we adopt bonds is it is a two meeting process. This is the second meeting so if you deny this tonight then the process has to start all over at the next regularly scheduled meeting, which means September and then October before the money will be available. No matter which way you go, whether you do it in 2005 or you do it in 2006 or you do a scratch or you do a statistical you are going to need this money. It seems to me you should be considering authorizing the money but restricting its use until you work out what you want to do – 2005 or 2006. I would not like to see the Board not be aware of a potential bind they are getting themselves into by not doing something by either adopting this or tabling it.

Mayor Baines stated they already voted it down.

Deputy City Clerk Johnson responded the motion failed. At this point it is still in front of the Board and you could table it.

Alderman O'Neil moved to table the Bond Resolution authorizing \$250,000 for the Revaluation Update project. Alderman Porter duly seconded the motion. Mayor Baines called for a vote. There being none opposed, the motion carried.

Resolution:

“Amending the FY2003 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Hundred Thousand Dollars (\$100,000) for FY2003 CIP 610403 Downtown Municipal Infrastructure Project.”

On motion of Alderman O'Neil, duly seconded by Alderman Garrity it was voted to read the Resolution by title only, and it was so done.

On motion of Alderman Shea, duly seconded by Alderman Forest it was voted that the Resolution pass and be enrolled.

## **NEW BUSINESS**

Deputy City Clerk Johnson stated we have an item of new business that was submitted by Attorneys Nixon & Raiche requesting that the fee be waived for the golf tournament being conducted on September 13 at the Derryfield Country Club for the benefit of the Elderly Activities Center.

On motion of Alderman O'Neil, duly seconded by Alderman Osborne, it was voted to waive the fee for the golf tournament to be held at Derryfield Country Club on September 13.

Alderman Gatsas stated I would like to move to bring forward the noise regulation ordinance, which the Committee on Administration two years ago passed and sent on to Bills on Second Reading but because the concerts ended at Singer Park I think the ordinance died there. I would like two amendments. Instead of the first offense only being a warning that the first offense be \$100, the second offense be \$250 and the third offense \$1,000.

Mayor Baines replied in discussion with the City Clerk this has to go to Committee. A motion would be in order to refer it to...

Alderman Gatsas interjected we can't suspend the rules.

Deputy City Clerk Johnson answered no. It is a penalty ordinance and, therefore, it requires that it go through the Committee for discussion and a layover.

Solicitor Clark stated several years ago there was a special act adopted by Manchester requiring that resolutions appropriating money and ordinances with penalties be introduced at a regular meeting, be referred to Committee and layover on the table.

Alderman Gatsas moved to refer the ordinance to the Committee on Bills on Second Reading with the amendments as stated. Alderman Lopez duly seconded the motion.

Alderman Lopez stated we have a meeting on August 17 and we will take it up at that time.

Mayor Baines called for a vote. There being none opposed, the motion carried.

Alderman Guinta stated I believe we all received a letter from Community Resources for Justice dated July 21 regarding the new location of a proposed halfway house for Elm Street. In the fourth paragraph down in the letter it says, “as part of CSC contract with process the BOP, Bureau of Prisons, requires that all contractors notify and seek input from the local law enforcement authority and two levels of locally elected government officials.” Where do they stand in that process? Are they meeting their obligation?

Mayor Baines stated I know that we referred that letter to the Chief. The Chief is reviewing it for his response and that is where it sits right now.

Alderman Guinta asked how would we...this Board has already once voted or twice voted but this is a new location so I don't know if that starts the process all over again but I am very concerned about the location downtown next to residential units at the 1400 block and right next to the health center. I don't know if that is a real appropriate place for this type of...for this halfway house. I am very, very concerned.

Mayor Baines asked Chief Jaskolka could you come up and let us know where you are in terms of this matter with your department.

John Jaskolka, Chief of Police, stated I am actually in receipt of the letter and I just received a letter that the Mayor sent out at the end of last week. Along with that letter I also received an invitation from Dave Vincenazo who is the attorney representing them...

Alderman Guinta interjected representing who.

Chief Jaskolka answered Community Resources for Justice. Myself and whoever I wanted to take were invited to tour the building. I have called him back and have not received a return call from him so that is where that stands. I haven't met with him at this point.

Alderman Guinta asked do we know if CRJ is looking to lease that building or buy that building.

Chief Jaskolka answered I don't know that. Again, I haven't met with them since I got the letter.

Alderman Guinta asked and beyond that they would be meeting all zoning requirements.

Mayor Baines answered again we are not at that point.

Alderman Guinta stated the reason I am concerned and I haven't been able to confirm this but I understand they are looking...I had been told that they are looking at a purchase and sales. I haven't confirmed that. If there is going to be a purchase and sales I think that there needs to be some sort of response or additional response.

Mayor Baines asked what is the zoning in that area, Mr. MacKenzie.

Mr. MacKenzie answered I would probably refer to the Building Commissioner.

Mayor Baines asked Leon you know the building we are talking about right. It is between the Rines Center and the brownstones. That is where it is.

Leon LaFreniere, Building Commissioner stated I am aware of the location, however, the location is somewhat imperial. It was previously ruled that the use of a halfway house is not a use that is enumerated within the context of the zoning ordinance.

Mayor Baines asked so it would need a zoning variance.

Mr. LaFreniere answered yes.

Alderman Guinta asked what about the initial...when we first started talking about this the Bureau of Prisons said that they would not go forward with the placement of a halfway house in Manchester unless they had community support. It is clear at least from the two votes on this Board that there is no community support, including objections from the Chief of Police. I guess my further question is why is this still continuing.

Mayor Baines answered because they have to get a response from the Chief and local government officials.

Alderman Guinta stated I understand that but we have taken two votes as a Board and the Chief has already expressed his opinion. How many more times...I guess my question is how many more times do we have to say no before this process stops?



Mayor Baines responded I think it has been made very clear that the process may not stop and they may locate it here regardless of the objections of the Board of Mayor and Aldermen. That has been my understanding.

Chief Jaskolka stated I don't believe that they are just going to stop. They are going to continue until they hit such a roadblock that is going to cause them to stop similar to what they did down in Nashua.

Alderman Guinta stated so the fact that they said they wouldn't move forward unless they had community support is...they are now changing that opinion then.

Chief Jaskolka responded I can't speak for them, Alderman. You are asking me to speak for the Bureau of Prisons and I can't do that.

Mayor Baines stated we will reiterate to them that the Board of Mayor and Aldermen has already taken an action in opposition.

Alderman Guinta asked is that meeting something I can attend. You are going to do a walkthrough or something.

Chief Jaskolka responded what Vincenazo offered was a tour of the building.

Alderman Gatsas asked can you tell me what happened in Nashua that stopped it.

Chief Jaskolka answered I never got a full story as to what happened down there. I understand that they applied for variances or whatever else and the neighborhood was against it and at one point they just pulled out. That is the best story I could get out of that. Similar to what happened on the West Side when they had the community meeting over there and the residents all came out against that location and they changed the location.

Alderman Guinta stated that is what has happened here. They initially were in Pinardville and now they have changed here. The City is an abutter at the Health Department and NHS is an abutter. I don't know what NHS's position is but the City as an abutter has expressed its position to oppose.

Mayor Baines responded they are aware of that but that is not going to...I guess eventually they are going to have to decide whether they are going to proceed to locate in Manchester.

Chief Jaskolka stated the Bureau of Prisons is the one that is going to make the final decision whether they are going to go with Community Resources for Justice or Community Solutions.

Mayor Baines stated and as you know it has been my position that the Committee on Traffic and Public Safety should be having a dialogue with the Federal Bureau of Prisons and I stated that right from the beginning that we should get them in here and have that kind of conversation with them. I still believe that is what should happen but I can only recommend.

Alderman Roy stated I do sympathize and offer my support to the Alderman from Ward 3. Elm Street is our main street in Manchester and we have made huge strides including a lot of discussion tonight on economic development and not only do I not like the idea of having them in Manchester but I do not like putting them on our picturesque main street of our City. I would urge the Chief and the Mayor's Office, as well as the Bureau of Prisons to pay attention to the 14 or 15 people who have spoken to them from this Board in elected position. We are speaking for the community. My phone has rung on this issue. When I moved from the West Side to close to Ward 1, I got a number of outraged phone calls. If we can make this crystal clear we do not want it in the City of Manchester.

Alderman Shea stated I did call the Chief and I think there are two competing clients or companies that want to come in to this City I believe.

Chief Jaskolka responded correct. You have the Community Resources for Justice, which is looking at the Elm Street address and then there is Community Solutions and they are looking at 136 Lowell Street.

Alderman Shea asked when two competing companies want to come in who makes the decision if at all as to which one would be awarded the franchise.

Chief Jaskolka answered the Bureau of Prisons. They will fund the project and they will make the determination as to who is going to get it.

Alderman Shea asked and they are located in Washington or in Boston or in CT or in New York.

Chief Jaskolka answered the person I have dealt with is out of Boston but I believe their main office if you will is in Washington, DC.

Alderman Shea asked and when would they tend to make a decision.

Chief Jaskolka answered I don't recall the exact date but I believe it is towards the end of this year.

Mayor Baines stated I am sure they would be more than willing to come up to talk to the Aldermen. All you have to do is ask them.

Alderman Lopez stated I have a comment for Aldermen Roy and Guinta. I know in Ward 10 they had that public meeting over there and if they intend to go up in your particular ward let the people organize and have a public meeting and call the Chief in and everybody else. They left Ward 10 and they are over in Ward 3 now so that is how it goes.

Alderman Guinta replied the way it goes I don't think is an appropriate response to this issue. You are an Alderman At-Large and this affects the entire City, not just one ward. So the comment "that is the way it goes" I don't think is appropriate. This is an issue that I think everybody has spoken on on several occasions. Again, the City of Manchester is an abutter.

Alderman Lopez stated I said that is the way it goes in reference to the way they are working the system. That is what I am referring to. I am not referring to the Alderman. I support not having them in the City of Manchester period but if they are going to do what they want they are going to pick out an area and look at that particular area and if there is no opposition from the neighbors up there they will probably pick that place. That is all I am advising. We did it in Ward 10 so everybody has to do the same thing.

Mayor Baines asked Chief would you flush out this issue and come back to the next BMA meeting with a report on this please.

Chief Jaskolka answered I will make an attempt, Mayor. I haven't had a lot of luck contacting these people.

Mayor Baines stated if you need some help, let me know.

Communication from the Chief Negotiator requesting to meet with the Board for a negotiation strategy session.

Mayor Baines stated I also have a request from the Airport Director to meet to discuss a request to acquire some property. How would that be done?

Solicitor Clark stated they are two separate issues. To negotiate, you recess the meeting. For the Airport you would move into non-public session for the purpose of discussing acquisition of land.

Mayor Baines asked would you give me the wording for the movement into non-public session. I am going to recess the meeting to meet with the Chief Negotiator but I am also going to move into non-public session...

Solicitor Clark stated you need two separate motions.

Alderman Lopez asked couldn't we just pass the contract. We all got a copy of that.

Mayor Baines asked is the Board agreeable to that. Mr. Hodgen, the Board wants to act on the contract in public session. Could you give us the wording?

David Hodgen, Chief Negotiator, stated the Board members have received a copy of a tentative agreement and the cost calculations for a three-year agreement with the Manchester Police Patrolmen's Association. I would be happy to answer any questions that you may have.

Mayor Baines asked what is the wording to approve.

Mr. Hodgen stated a motion would be in order to ratify the tentative agreement with the Manchester Police Patrolmen's Association and to waive Rule 26 but the effective date by virtue of the tentative agreement was August 3 and we are now in August 4 so the Board should understand that there is a retroactive nature of 45 minutes.

On motion of Alderman O'Neil, duly seconded by Alderman Thibault it was voted to ratify the tentative agreement with the Manchester Police Patrolmen's Association effective August 3, 2004 and to waive Rule 26.

Deputy City Clerk Johnson stated we would need a motion to enter non-public session under the provisions of RSA 91-A:3II(d) regarding acquisition of property.

Alderman Roy moved to enter into non-public session pursuant to RSA 91-A:3II(d). Alderman DeVries duly seconded the motion. A roll call vote was taken. The motion carried unanimously with Alderman Smith being absent.

Members of the Board met with the Airport Director and City Solicitor regarding the acquisition and demolition of property in the vicinity of the airport. Discussion was limited to the proposed terms and actions needed by the City relating to the transaction.

On motion of Alderman Roy, duly seconded by Alderman Garrity it was voted to return to public session.

On motion of Alderman Roy, duly seconded by Alderman DeVries, it was voted to authorize the Airport Director to negotiate and execute a purchase and sales agreement to acquire the so called Summit property, at a price of up to \$4.25 million; to buy leaseholds and demolition as may be required, to transfer Brown Avenue land, and to execute any other documents necessary to consummate the transaction subject to the review and approval of the City Solicitor.

There being no further business, on motion of Alderman Roy, duly seconded by Alderman Garrity, it was voted to adjourn.

A True Record. Attest.

City Clerk